



Resources and Governance Scrutiny Committee

Date: Tuesday, 7 February 2023

Time: 2.00 pm

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **Second Supplementary Agenda** containing additional information about the business of the meeting that was not available when the agenda was published.

Access to the Antechamber

Public access to the Council Antechamber is on Level 2 of the Town Hall Extension, using the lift or stairs in the lobby of the Mount Street entrance to the Extension.

Filming and broadcast of the meeting

Meetings of the Resources and Governance Scrutiny Committee are 'webcast'. These meetings are filmed and broadcast live on the Internet. If you attend this meeting you should be aware that you might be filmed and included in that transmission.

Membership of the Resources and Governance Scrutiny Committee

Councillors - Simcock (Chair), Andrews, Davies, Good, Kirkpatrick, Lanchbury, B Priest, Rowles and Wheeler

Supplementary Agenda

5. **Revenue Budget Update 2023/24** 3 - 18
Report of the Deputy Chief Executive and City Treasurer.

This report sets out the latest forecast revenue budget position, and the next steps. Following the provisional finance settlement, announced on 19 December, the Council is forecasting a balanced budget for 2023/24 and 2024/25. The financial risk around balancing the budget has moved to the next Spending review period 2025/26 where a shortfall of £58m is forecast. This reduces to £41m after the proposed use of £17m smoothing reserves.

6. **Corporate Core Budget 2023/24** 19 - 50
Report of the Deputy Chief Executive and City Treasurer; City Solicitor; and Assistant Chief Executive.

This report provides a further update to members on the priorities for the services in the remit of this committee and details the changes to the initial revenue budget options proposed by officers in November 2022. The provisional financial settlement announced 19 December reflected a change in government policy in relation to funding inflation and social care pressures. This has given the opportunity to review the quantum and phasing of savings. It is now proposed that options of £36.2m are progressed, of which £7.712m is within the remit of this scrutiny committee.

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

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This supplementary agenda was issued on **Thursday, 2 February 2023** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester, M60 2LA

Manchester City Council Report for Information

Report to: Resource and Governance Scrutiny Committee – 7 February 2023

Subject: Revenue Budget Update 2023/24

Report of: Deputy Chief Executive and City Treasurer

Summary

This report sets out the latest forecast revenue budget position, and the next steps. Following the provisional finance settlement, announced on 19 December, the Council is forecasting a balanced budget for 2023/24 and 2024/25. The financial risk around balancing the budget has moved to the next Spending review period 2025/26 where a shortfall of £58m is forecast. This reduces to £41m after the proposed use of £17m smoothing reserves.

In November 2022, scrutiny committees were presented with cuts and saving options totaling £42.3m over three years for consideration. The provisional settlement on 19 December reflected a change in government policy in relation to inflationary funding, Council Tax levels and social care funding which collectively provided more funding than initially expected. This has given the opportunity to review the quantum and phasing of savings. It is now proposed that options of £36.2m are progressed. The settlement has also given some scope for targeted investments which will put the council in a more sustainable position to face the next spending review in 2025.

Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals 15 February 2023.

Recommendations

The Committee is recommended to:

- (1) consider and comment on the forecast medium term revenue budget
 - (2) consider the content of this report and comment on the proposed changes
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Wards Affected: All

<p>Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city</p>
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<p>The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.</p>
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Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA).

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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 changes included within this report will, subject to Member comments and consultation, be included in the final 2023/24 revenue budget set by Council on 3 March

Financial Consequences – Capital

None directly arising from this report.

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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.

[Revenue Budget Report - Executive Meeting February 2022](#)

[Medium Term Financial Strategy 2022/23 to 2024/25 -Executive Meeting February 2022](#)

[Revenue Budget Update - Resource and Governance Scrutiny – 8 November 2022](#)

[Resources and Governance Scrutiny Committee – 10 January 2023, Provisional local government finance settlement 2023/24 and budget](#)

1. Context and Background

- 1.1. The national funding outlook for Local Government has been more volatile than usual in the last year. The Spending Review in October 2021 set the expected spending envelope for the following three years. The national numbers indicated additional Local Government funding in 2022/23 then a flat settlement for the two years which followed. The Spending Review also announced significant Social Care Reforms to be implemented from October 2023 with associated funding of £3.6bn over three years which was widely considered inadequate. In just over a year since then there have been significant government policy changes.
- 1.2. The Russian invasion of Ukraine in February 2022 contributed to rapidly increasing inflation, from a forecast 2022/23 average CPI of 2.3% to an October 2022 peak of 11.1%. Throughout Summer 2022 government advised that despite the unprecedented cost increases to pay, utilities and prices there would be no additional Local Government funding to assist with these pressures. This was confirmed by the Truss government mini-budget 23 September 2022 which prioritised lowering taxes to stimulate the economy. This was followed by market instability and rhetoric around 'Austerity Round Two' from politicians, commentators and the Institute of Fiscal Studies.
- 1.3. In this context the Council identified cuts and efficiencies totalling £42.3m over three years for consideration by November scrutiny committees. It was anticipated that further cuts and savings may be required depending on the outcome of the provisional settlement.
- 1.4. Following the appointment of a new Prime Minister an Autumn Statement was announced for 17 November 2022 followed by a local government finance policy statement on 12 December 2022 and the provisional local government finance statement published on 19 December 2022.
- 1.5. The Autumn Statement and Provisional Finance Settlement are considered a holding position for the public finances, designed for stability and certainty for planning purposes and to promote fiscal sustainability within available resources. The public sector finances "black hole" outlined by the Government will be dealt with over 4 years, with the first two years addressed through mainly tax increases and the final two years through public sector spending cuts.
- 1.6. The Policy statement and provisional settlement did however, set out a welcome change in direction which included:
 - Funding for pay and inflation pressures
 - New Social Care grants to support hospital discharge and the care market (ringfenced with conditions)
 - ASC reforms delayed at least 2 years and funding repurposed for social care pressures
 - Confirmed current 100% business rates retention areas will continue for 2023-24

- 1.7. In addition, the referendum limit for Council Tax increases was increased to 5% for local Authorities with Adult Social Care responsibilities. The government figures assume the full increase will be taken.
 - 1.8. The outcome of the provisional local government finance settlement was reported to this committee on 10 January 2023 and summarised the proposed funding figures for the 2023/24 financial year. The Provisional Finance Settlement, is for one year only, setting the proposed allocations for 2023/24, accompanied by a fairly full set of policy principles for 2024/25.
 - 1.9. In November 2022, all scrutiny committees were updated with cuts, saving and investment options to consider before the publishing of the finance settlement. These reports and the periodic budget monitoring reports explained that the Council is facing significant inflationary and demand pressures in both the current financial year and next. The provisional settlement has in part addressed some of these pressures and therefore improved the council's position for the next two years, providing some breathing space before funding risks re-emerge from 2025/26, when public sector spending cuts are expected as part of the four-year plan outlined by the Government.
 - 1.10. The recent pledge to reduce the levels of government debt reinforce the expectation that there will be future cuts. The Council's proposed strategy is to use any additional funding, after covering new priority investment requirements and demand pressures, to help close the budget gap in future years and reduce the need for significant cuts in 2025/26 and beyond.
- 2. Medium Term Budget position reported to Resources and Governance Scrutiny Committee 8 November 2022**
- 2.1. Prior to the Autumn Statement Announcements, the Council was facing a budget gap of £6.7m next year, increasing to £54m by 2025/26.

Table One: Summary Budget position presented to Resources and Governance scrutiny 8 November 2022

	2023 / 24	2024 / 25	2025 / 26
	£'000	£'000	£'000
Resources Available			
Business Rates / Settlement Related Funding	348,497	344,090	346,503
Council Tax	211,450	219,348	228,187
Grants and other External Funding	101,872	89,374	80,461
Use of Reserves	13,584	11,703	6,222
Total Resources Available	675,403	664,515	661,373
Resources Required			
<i>Corporate Costs</i>	111,763	116,403	113,122
<i>Directorate Costs</i>	599,302	625,959	651,406
Total Resources Required	711,065	742,362	764,528
Shortfall	35,662	77,847	103,155
New budget pressures	7,785	7,785	8,785
Shortfall including new budget pressures	43,447	85,632	111,940
Use of Smoothing and Airport Reserve	(15,641)	(16,177)	(15,738)
Gap after use of Smoothing Reserves and emerging pressures	27,806	69,455	96,202
Savings options identified to date	(21,135)	(32,738)	(42,320)
Remaining Shortfall	6,671	36,717	53,882

3. Changes to the position following the Autumn Statement and Provisional Finance Settlement

- 3.1. As outlined in the 10 January report to Resources and Scrutiny the broad approach in the settlement is based on:
- A uniform roll-over of the core funding elements with inflationary increases to Revenue Support Grant and business Rates related income.
 - New grants and expectations for social care
 - Increased Council Tax referendum limits
- 3.2. Social Care reform is deferred until at least October 2025 and the wider, long anticipated reforms to the way local government is finance are also deferred, until at least 2025/26. The period leading up to the General Election, expected by December 2024, provides an opportunity to consider the broader changes that are needed.
- 3.3. The additional funding streams announced as part of the settlement, come with a number of spend requirements, and additional pressures have emerged since the November scrutiny report. The following paragraphs set out the additional funding, investment requirements and changes to savings and smoothing reserve use to arrive at an updated financial position for the Council.

Core Funding

- 3.4. Business Rates Retention – The Government has changed the inflation measure used to increase the local government funding amount within the Settlement Funding Amount (SFA). This was set at 2.6% in the SR envelope. The September CPI figure of 10.1% has been used instead, which represents a material increase in the funding available to local authorities. Alongside this Revenue Support Grant (RSG) has increased by 10.1%. This gives the Council an additional £25.2m in settlement funding compared to the original budget.
- 3.5. Services Grant has been reduced from £822m to £464m, this equates to a reduction of £2.4m for the Council. The New Homes Bonus initiative has continued for one more year with the design unchanged, the Council had budgeted £5m, an additional £1.6m will be received.
- 3.6. The additional funding in the Provisional Finance Settlement must be looked at alongside the corporate cost requirements and the heavy reliance on the budget smoothing reserve to balance the budget position. The following additional costs need to be taken into account in the budget process.
- CPI is currently over 10% and predicted to average 7.4% next year (higher than previous forecast). The previous inflation provision is not high enough to cover this and the associated demand on major contracts and will need increasing. It is proposed an additional £4m is allowed for in the updated position.
 - There are specific demand and inflation pressures facing the Homelessness budgets. Government refuge and asylum schemes are placing pressure on the Manchester temporary accommodation market, driving up costs, resulting in a £4m fee uplift requirement for homelessness Temporary Accommodation.
 - Early information on pay negotiations suggests an average pay increase of between 5% and 6% next year which is higher than the 4% allowed for. It is proposed a further £3.5m is provided.
- 3.7. The settlement also gave some scope for targeted investments which will put the council in a more sustainable position to face the next spending review in 2025 and to revisit the scale and quantum of the proposed cuts and savings measures. The January budget report to Resources and Governance Scrutiny Committee set out a series of principles to frame the finalising the revenue budget:
- £16m of reserves per annum were being used to close the pre Settlement budget gap. Reserves should be a last resort and the Provisional Finance Settlement has pushed all the risks to 2025/26. The planned use of reserves needs amending to reflect the risks in these years. The use of the smoothing reserve will be rephased to support a sustainable position, particularly to support closing the budget gap in 2024/25 and to deal with the significant risks faced in 2025 and beyond.
 - Recommendation to increase the Council Tax precept so this is reflected in the base, but that this is alongside targeted support to residents who are most vulnerable, and the investment will be included within the approach to

care provider fee setting for 2023/24, to support the delivery of market sustainability plans. A second phase of the budget consultation is planned.

- Adult Social Care - to put the budget on a sustainable footing, appropriate costs such as demography and real living wage are met from the additional ringfenced grant funding.
- Where there are additional costs and requirements the grants are passported through to meet them and the funding is used to provide investment to meet real pressures, social care improvement priorities and invest to save approach which will help the future position

- 3.8. These principles have been used to inform the final budget recommendations to Budget Executive on 15 February and Budget Council on 3 March. This report has also updated the position for the key decisions taken in January on the Collection Fund Surplus for 2022/23 and Council Tax and Business Rates base for 2023/24.

Council Tax

- 3.9. The settlement assumes Councils with Social care responsibilities will increase council tax up to the referendum limit of 5%, increased from a limit of 3% before the settlement. The government has assumed in its settlement calculations that all eligible local authorities will take the maximum increase allowed without a referendum. There is a difficult balance between protecting residents and maximising the income available to the Council both next year and longer term. If Council Tax is not increased at this level the revenue stream is permanently lost and has a cumulative compounding impact as the base grows in future years. Manchester currently has the lowest ratio of Council Tax to funding of all metropolitan authorities. This has a disproportionate impact on the Council when government funding cuts are made.
- 3.10. If this flexibility is taken by the Council, it would raise £4.055m next year and a further £4.5m in 2024/25. It is important to maximise the ongoing funding in the budget base. This is particularly important given the proposed public sector spending cuts from 2025/26 as set out in the Autumn Statement and uncertainty around the allocation of the Social Care grant in light of the deferred Adult Social Care reforms creating a new funding 'cliff edge' from 2025/26.
- 3.11. If the general precept is increased it could fund additional investment to provide targeted support for vulnerable residents, including help with outstanding debt on council tax bills and support through the Voluntary, Community and Social Enterprise (VCSE) sector. Further details are provided within the Corporate Core budget report.
- 3.12. If the Social Care precept is supported the expectation is that this additional funding is considered alongside the approach to care provider fee setting for 2023/24, to ensure social care provider sustainability. Further details are provided in the Health and Social Care Scrutiny budget report.

- 3.13. It is recommended that as part of the budget setting process the full general fund precept of 2.99% and social care precept of 2% are taken.

Social Care Funding and Investment

- 3.14. In total there is a total increase of £25.7m in 2023/24 rising to £38.7m in 2024/25 in social care funding. The grant conditions associated with this additional funding are expected early 2023 and will be heavily focused on how the social care system will support the NHS.
- 3.15. *Additional £4.4m rising to £7.5m - Market Sustainability and Improvement Grant* - This grant is intended to assist local authorities to make tangible improvements to adult social care, and, in particular to address: hospital discharge delays; social care waiting times; low fee rates; workforce pressures; and to promote technological innovation in the sector. This grant will have reporting requirements, expected to be published in January. The grant will be distributed using the 2013/14 adult social care relative needs formula and is ringfenced. The funding is additional to the £1.8m received in 2022/23 which is also rolled-into 2023/24.
- 3.16. *£4.451m increasing to £7.420m ASC Discharge Fund* - This is intended to form part of Better Care Fund plans, aimed at reducing delayed transfers of care and the funding will need to be pooled with the NHS. The NHS is receiving an equal amount to also put into Better Care Fund plans. This is being allocated on iBCF share in 2022/23, resulting in an allocation of approx. 1.4%. The fund will grow by a further £200m on the local government side in 2024/25, with no change to distribution methodology expected.
- 3.17. *£18.8m rising to £25.7m - Social Care Grant* which is ringfenced for adults and children's social care services. This is the funding originally identified for social care reforms which have been deferred. This is not guaranteed beyond the current spending review period and therefore uncertainty around what will happen to this funding post 2024/25. The original budget assumptions included a £2m grant uplift for Improved Better Care Fund (iBCF) which has not materialised, this grant can be used to support the costs this would have funded.

Cuts and Savings

- 3.18. The settlement provided some opportunity for reducing the quantum and timing of some of the savings which had previously been considered. It is now proposed that options of £36.2m are progressed, a reduction of £6.1m overall.
- 3.19. Details of the proposed changes are included in the relevant scrutiny committee report.

Table Two: Revised Savings proposals

Directorate	Amount of Saving				Indicative FTE Impact
	2023/24	2024/25	2025/26	Total	
	£'000	£'000	£'000	£'000	
Adults Services	4,142	2,200	2,200	8,542	-
Public Health	730	-	-	730	3
Children Services	4,411	3,920	3,394	11,725	-
Neighbourhoods	545	1,135	1,772	3,452	3
Homelessness	1,244	2,070	1,332	4,646	-
Corporate Core	3,365	677	1,089	5,131	53
Growth and Development	959	170	815	1,944	1
Total profiled savings options	15,396	10,172	10,602	36,170	60

Additional Investment

3.20. The budget includes additional investment proposals in the following areas. Full details are included in the relevant scrutiny committee reports.

- Cleaning the city and infrastructure planning – additional investment to ensure there are the resources to clean the city and district centres and effectively resource our infrastructure planning including the City Centre and Active Travel strategies.
- Aligned to this will be investment in the capital programme for community and neighbourhood assets and the establishment of a small fund to facilitate small emergency repairs or improvements, for example to fix a broken swing or add a bin to the collection.
- Investment in homelessness service to meet increased demand and increased dispersed accommodation fees
- Additional investment in Children's Services to meet higher placement costs and invest in resilience and prevention.
- Investment in adult social care to strengthen practice and investing in preventative services
- Additional funding for the cyber security team
- Additional funding for improved support to our disabled staff

Smoothing Reserve

3.21. £16m of reserves per annum for three years were being used to close the pre Settlement budget gap. Reserves should be a last resort and the Provisional Finance Settlement has pushed the main funding risks to 2025/26. The planned use of reserves needs amending to reflect these changes in risk. The use of the smoothing reserve will be rephased to support a sustainable position, particularly to support closing the budget gap in 2024/25 and to deal expected funding shortfalls in 2025 and beyond.

3.22. The table below summarises the impact of these changes on the Councils budget position.

Table Three: Summary of changes post settlement

	2023 / 24	2024 / 25	2025/26
	£'000	£'000	£'000
Forecast Gap reported to Nov RAGOS after savings	6,671	36,717	53,883
Remove assumed use of Smoothing reserves	15,641	16,177	15,738
Gap at Nov 2022 RAGOS without smoothing reserves	22,312	52,894	69,621
Updates to Corporate Budgets:			
Reduced Pension contribution	(1,200)	(3,400)	(3,400)
Additional return of Waste reserves £2m	(360)		
Updated transport levy forecasts		192	1,175
Updated waste levy forecasts	(1,345)	(1,386)	(439)
Updated Business Rates position	(290)	(204)	745
Updated Council Tax position	(2,463)	(138)	(144)
Transfer to reserve	1,335	0	0
Additional Settlement Funding:			
Baseline Funding Level and RSG	(25,212)	(35,454)	(37,858)
Additional NHB Grant	(1,637)		
Reduced Services grant	2,380	2,380	2,380
Increased budget for pay award	3,445	3,045	2,345
Non pay inflation	4,000	6,000	6,000
Investment in cyber security	250	250	250
Improved support for disabled staff	250	250	250
Cleaning city centre and districts and improved infrastructure planning	1,500	1,500	1,500
Dispersed uplift Homelessness	4,000	4,000	4,000
Additional Council Tax Funding:			
Council Tax increase to 4.99%	(4,055)	(8,602)	(8,948)
Targeted support for vulnerable residents	2,000	2,000	2,000
Support the adult social care market	2,027	4,301	4,301
Additional Social Care Funding:			
Additional Social Care Grants	(25,665)	(38,689)	(38,689)
ASC Discharge Fund (to be pooled in BCF)	4,451	7,420	7,420
Market Sustainability and Improvement Spend	4,443	7,548	7,548
Independent Living Fund	2,000	2,000	2,000
Reduced Education Services Grant	145	145	145
Children's investment / pressures	3,300	3,300	3,300
Social Care Reforms (high level estimate)			25,721
Revised forecast gap / (surplus)	(4,389)	9,352	51,223
Proposed adjustments to savings	5,739	7,170	6,150
Revised use of smoothing reserves	(1,350)	(16,522)	(17,000)
Revised forecast gap / (surplus)	0	0	40,373

4. Updated Medium Term Budget position

- 4.1. The final budget position for 2023/24 and future years will be confirmed at February 2023 Executive. This will be after the Final Finance Settlement is received, expected early February.
- 4.2. The indicative medium-term position is shown in the table below, showing the planned use of reserves and the level of savings proposals identified to date.

Table Four: Medium term forecast summarising current budget proposals and use of reserves

	2023 / 24	2024 / 25	2025 / 26
	£'000	£'000	£'000
Resources Available			
Business Rates / Settlement Related Funding	374,854	380,005	386,872
Council Tax	217,968	228,087	237,279
Grants and other External Funding	126,153	127,682	115,769
Use of Reserves	15,884	15,003	10,522
Total Resources Available	734,859	750,777	750,442
Resources Required			
Corporate Costs	111,493	114,949	113,598
Directorate Costs	640,113	677,919	730,387
Total Resources Required	751,606	792,868	843,985
Shortfall	16,747	42,091	93,543
Use of Smoothing Reserves	(1,350)	(16,523)	(17,000)
Gap after use of Smoothing Reserves	15,397	25,568	76,543
Savings options identified	(15,396)	(25,568)	(36,170)
Remaining Shortfall	0	0	40,373

- 4.3. The government announcements have pushed the difficult financial decisions to 2025/26. This settlement does not provide certainty or financial security for councils over the longer term. It gives the sector another one-year deal, confirms further delays to the Fair Funding Review and reset of business rates. Significant risks remain including a potential reallocation of the social care grant, reintroduction of the funding reforms and anticipated cuts in funding post 2024/25. Work will start in 2023 on identifying the more difficult cuts that will be required to close the 2025/26 and beyond budget gap.

5. Workforce Implications

- 5.1. The indicative workforce reduction linked to the savings proposals has reduced from 70 Full-Time Equivalent (FTE) over the three years to 60. Of these posts 53 relate to the Corporate Core directorate and back-office functions. It is anticipated that this will be managed via natural turnover and vacancies and that there will be no requirement for any formal voluntary early retirement or voluntary severance scheme.

6. Equality and Anti-Poverty Impact Assessments

- 6.1. Consideration has been given to how the individual proposed savings could impact on different protected or disadvantaged groups. All proposals are therefore being reviewed for their likely impact on these groups and where applicable, proposals have been subject to completion of an individual Equality Impact Assessment (EqIA).
- 6.2. Work is underway to assess the equalities and anti-poverty impact of the budget as a whole. This will be finalised for Budget Scrutiny on 27 February 2023.

7. Consultation

- 7.1. There is a statutory requirement to consult with business rates payers. Public consultation on proposed Council Tax levels and the savings and cuts measures put forward by officers opened on Monday 7 November and ran until 7 January 2023.
- 7.2. A second phase of public budget consultation launched on 7 January to close 7 February. This focused on the option to increase the council tax precept by 4.99% - a further 1% for adult social care bringing the social care precept to 2% and a further 1% for the general precept bringing this to 2.99%.
- 7.3. The provisional results from the consultation will be reported to Executive on 15 February. The full analysis and results, alongside comments from scrutiny committees, will be reported to the Budget Scrutiny meeting on 27 February to ensure they are fully considered before the final budget is set. None of the budget options require formal statutory consultation.

8. Scrutiny of the draft budget proposals and the budget reports

- 8.1. The reports have been tailored to the remit of each scrutiny as shown in the table below. Each Committee is invited to consider the proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals in February 2023.

Date	Meeting	Services Included
7 Feb 2023	Resources and Governance Scrutiny Committee	Chief Exec Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
7 Feb 2023	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Compliance and Community Safety Housing Operations including Homelessness Neighbourhood teams
8 Feb 2023	Health Scrutiny Committee	Adult Social Care Public Health
8 Feb 2023	Children and Young People Scrutiny Committee	Children and Education Services
9 Feb 2023	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance
9 Feb 2023	Economy Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate Work and skills Highways

9. Next Steps

9.1. The proposed next steps are as follows:

- 7-9 February - Scrutiny Committees
- 15 February - Executive receive proposed budget
- 27 February - Resources and Governance Budget Scrutiny
- 3 March - Council approval of 2023/24 budget

10. Conclusion

10.1. The 2023/24 budget gap has been closed without the need for further saving and there is some opportunity for reducing the quantum and a rephrasing of savings alongside a small level of additional targeted investment. Revised options will be considered by the Scrutiny meetings in February 2023, before being finalised for Executive on 15 February and onto Budget Scrutiny on 27 February.

10.2. The provisional settlement has given some breathing space however it does not provide a sustainable long term funding solution for Local Government. The difficult financial decisions have been pushed back to 2025/26. It is likely

that further significant budget cuts will be required as significant risks remain including a potential reallocation of the social care grant, the delayed funding reforms and anticipated cuts in funding post 2024/25.

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**Manchester City Council
Report for Information**

Report to: Resources & Governance Scrutiny Committee – 7 February 2023
Executive – 15 February 2023

Subject: Corporate Core Budget 2023/24

Report of: Deputy Chief Executive and City Treasurer, City Solicitor and Assistant Chief Executive

Summary

Members will recall that at the November round of scrutiny meetings the Council was forecasting an estimated budget shortfall of £112m over the three years with £44m in 2023/24. As part of the action to address the budget shortfall officers identified potential savings options of £42.3m over three years, of which there were savings options of £10.26m within the remit of this scrutiny committee, including Corporate Core savings of £6.024m and Traded Services savings of £4.236m

The provisional financial settlement announced 19 December reflected a change in government policy in relation to funding inflation and social care pressures. This has given the opportunity to review the quantum and phasing of savings. It is now proposed that options of £36.2m are progressed, of which £7.712m is within the remit of this scrutiny committee.

This report provides a further update to members on the priorities for the services in the remit of this committee and details the changes to the initial revenue budget options proposed by officers in November 2022.

Each scrutiny committee is invited to consider the current proposed changes which are within its remit and to make recommendations to the Executive before it agrees to the final budget proposals on 15 February 2023.

Recommendations

The Committee is recommended to:

- (1) To consider and comment on the forecast medium term revenue budget
- (2) Consider the content of this report and comment on the proposed changes which are relevant to the remit of this scrutiny committee

The Executive is recommended to approve these budget proposals.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city

The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments

Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.

Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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 changes included within this report will, subject to Member comments and consultation, be included in the final 2023/24 revenue budget set by Council on 3 March.

Financial Consequences – Capital

None directly arising from this report.

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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.

[Revenue Budget Report - Executive Meeting 16 February 2022](#)
[Medium Term Financial Strategy 2022/23 to 2024/25 -Executive Meeting 16 February 2022](#)
[2022/23 Budget Overview and Section 25 Report – Executive 16 February 2022](#)
[Corporate Core Budget Report – 2022/23 – Executive 16 February 2022](#)
[Resource and Governance Scrutiny – 6 September 2022 and 10th January 2023](#)
[Revenue Monitoring to the end of July 2022 and Budget update 2023/24 to 2025/26 - Executive 14 September 2022](#)

1. Introduction and purpose

- 1.1. The report sets out an overview of the services within the remit of this scrutiny committee and their key priorities. It also contains the updated cuts and savings and investment proposals following the overall changes to the Council's budget position following the Autumn Statement and Provisional Finance Settlement in December. It should be read with the covering budget report to this committee. This report covers the services under the remit of the scrutiny committee, the Corporate Core and Operations and Commissioning services within the Neighbourhood Services Directorate.

2. Service overview and priorities

- 2.1 The Corporate Core has the following functions:

- Delivery of front-line services to residents and businesses including the customer service, revenues and benefits, coroners and registrars
- Delivery of support services to both the council and partners through the centre of excellence model. These include Finance and Procurement, Human Resources and Organisational Development, Legal Services and Policy, Performance and Reform.
- Delivery and support of the Capital Programme through the Capital Programmes team.
- Corporate Landlord and Facilities Management (FM)
- Ensuring effective governance, decision making and supporting the council as a democratic organisation. This includes the specific work of internal audit, commercial governance.
- Engine room for driving policy and strategy and the associated evidence base.

- 2.2 The Corporate Core is made up of Chief Executives and Corporate Services and has a gross budget of c.£317m and a net budget of c£98.9m and employs just short of 2,000 FTE. The Business Units which are traded services within Neighbourhood Services also fall within the remit of this scrutiny committee and details of their budgets and savings options are included within this report. The budget and FTE numbers for both the Corporate Core and Business Units are broken down by service in area in the three tables below.

Base budget 2022/23

Chief Executives	2022/23 Gross budget £'000	2022 / 23 Net Budget £'000	2022 / 23 Budgeted posts (FTE)
Coroners & Registrars	3,767	2,374	50
Elections	1,247	1,118	11
Legal Services	15,742	10,088	267
Communications	4,426	3,441	78
Executive	980	980	12
Policy, Performance & Reform (PRI)	18,241	14,493	155
CEX Corporate Items	1,255	1,215	0
Total Chief Executives	45,658	33,709	573

Corporate Services	2022/23 Gross budget £'000	2022 / 23 Net Budget £'000	2022 / 23 Budgeted posts (FTE)
Finance, Procurement & Commercial Gov	9,090	8,191	219
Revenues & Benefits and Customer Services	213,096	12,955	531
ICT	15,596	15,596	158
Human Resources & OD	5,389	4,528	137
Audit, Risk & Resilience	1,641	1,468	39
Capital Prog, Operational Prop & FM Services	26,099	21,874	338
Total Corporate Services	270,911	64,612	1,422
Grand Total Corporate Core	316,570	98,321	1,995

The above budgets include:

- £3.6m discretionary welfare support budgets in Revenues and Benefits
- £2.9m grants to the Voluntary and Community sector in City Policy
- Operational Property and Facilities Management includes Utilities £9.2m, Business rates £2.9m, Security £2.8m and rents £1.6m
- £5.4m for ICT supplier contracts and licences
- Chief Executives Corporate items includes the AGMA contribution of £1.768m.

2.3 In addition to the Corporate Core, there are other services that are under the remit of the Resources and Governance Scrutiny Committee, these are traded services within Operations and Commissioning managed by the Neighbourhoods Directorate. The gross budget is £22.9m, with a net income budget of £13.7m and 126 employees. A breakdown of the services is shown below.

Business Units, Advertising and Parking	2022/23 Gross budget £'000	2022 / 23 Net Budget £'000	2022 / 23 Budgeted posts (FTE) £'000
Business Units	15,163	(2,253)	122
Advertising	63	(4,400)	1
Parking Services and CCTV	7,736	(7,074)	3
Total	22,962	(13,727)	126

- 2.4 These services aim to maximise the commercially generated income from services alongside the provision of a public amenity, with all funds raised recycled back into Council services and the assets used to deliver them.
- 2.5 The Business Units include key traded services:
- Markets – traditional, local, wholesale and specialist markets.
 - Pest Control - tailored service for domestic and business premises to treat, monitor and eradicate pests.
 - Bereavement Services - Manchester's five cemeteries and one crematorium (at Blackley) manage some 3,000 funerals a year, working seven days a week to meet the needs of the city's diverse cultural communities.
- 2.6 The Council sells advertising space on its land holdings across the city and this funding is used to support front line services. There are both small format and large format and includes the digital displays in and around the city centre.
- 2.7 Parking Services and CCTV directly support the transport strategy for the city and with the aim to keep the city's roads safe and moving. Work is ongoing to update the parking strategy and review of both on / off street pricing. The CCTV Service undertakes management of the city centre control room and the c.200 cameras across the public realm.

3 Service budget and proposed changes

- 3.1 In November this scrutiny committee was presented with cuts and savings options of £10.26m over the three years for consideration. With the improvement in the short-term budget position following the Autumn Statement and Provisional Finance Settlement there is the opportunity to review the quantum and phasing of cuts and savings and to consider targeted additional investment. Total proposed cuts and savings of £2.920m have been removed or deferred until later years and the key changes since the last committee are set out in the tables below:

Service	Narrative	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total £000's
HROD	Reprofile front door savings by one year	(50)	(95)	0	(145)
PRI	Reprofile operating model savings by one year	(122)	(3)	(43)	(168)
Customer Services	Delay savings in line with system procurement timetable	0	(200)	(250)	(450)
Total Future Shape		(172)	(298)	(293)	(763)
Registrars	Increase registrars' fees	(80)	0	0	(80)
Customer services	Additional clamping income	(50)	0	0	(50)
Corporate Core Housekeeping Savings		(130)	0	0	(130)
Total Corporate Core Reductions		(302)	(298)	(293)	(893)

Service	Narrative	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total £000's
Markets	Not introduce increased rents for market tenants	(83)	0	0	(83)
Parking	Do not increase income target for parking due to pressures following COVID	(250)	(750)	0	(1,000)
Advertising	Reduce advertising income target to prudent level.	0	(200)	0	(200)
Bereavements	Defer price increase due to cost-of-living crisis	(372)	(372)	372	(372)
Grand Total - Business Units		(705)	(1,322)	372	(1,655)

- 3.2 The revised core budget saving proposals will be delivered through a combination of:
- Transformation delivered through the Future Shape Programme.
 - Review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacancies.
 - Good housekeeping and delivery of efficiencies. All Heads of Service have been asked to review their service areas to identify efficiencies or opportunities for income generation.
 - Delivering a corporate programme of work on ensuring the basics are right, sound and competitive procurement, approach to managing inflation, ensuring income budgets are maximised and charges appropriate.

Apart from the changes to the original proposed savings outlined in the table in para 3.1, these remain unchanged from those previously reported to November Committee.

Future Shape and Transformation Programme

3.2 Previous reports have been taken to this committee on the Future Shape programme which is a mix of internal and external facing service transformation. The objectives are to ensure that the quality of our services, resident experiences and outcomes are improved, whilst improving council efficiency and reducing costs. This is being delivered through the following workstreams;

- Resident and Business Digital Customer Experience (RBDXP)
- Digital Data and Insights
- A More Purposeful and Effective Core
- Our Ways of Working – including estates rationalisation

The ambition is to deliver almost £5m of savings over a five-year period.

Resident and Business Digital Customer Experience (RBDXP)

3.3 Work has already started with the revised customer centre offer and experience which delivered £0.6m of savings in 2021/22. The next phase focuses on the customer contact centre and replacement of the Customer Relationship Management system. This will improve how the council interacts with residents and businesses and is key to improving the current manual processes, enabling further channel shift, and targeting resources on providing support where it is most needed.

- Work is ongoing to procure the new technology and a partner to support with implementing the changes required and it is expected that once complete, phase one will achieve a further 20% channel shift, by moving c295k of non-digital contacts to digital. This shift is expected to release an initial £200k from Customer Services in 2025/26 through a reduction in staffing which will be achieved via natural turnover. Further savings will be achieved in 2026/27 onwards and these are estimated to be c£450k p.a. and will be included as future savings options.
- Phase Two will deliver further saving/efficiencies as additional services outside of the customer contact centre are transitioned to the new digital platform such as those used by Markets and Bereavement Services as they move to the new software.

3.4 It is currently too early to accurately quantify total savings from this programme over both phases. The aim is to achieve up to £1.5m through the further rationalisation of systems as more services and systems are included. In order to deliver this a small core digital team will be required, and the costs were included in the initial business case and will be paid for through the longer-term savings.

Digital Data and Insights

3.5 This workstream will implement new back-office digital technology and process changes required for the council to work smarter and more efficiently. The key deliverables include:

- The MCC ICT and Digital Strategy has now been approved by Executive in October 2022 and compliments the Council's external Digital Strategy. It is accompanied by a Technology Roadmap linked to the move to the hybrid cloud, with 50% of the ICT infrastructure to be in the cloud within two years.
- The development and implementation of the new Target Operating Model for ICT is due to be completed for approval in December 2022 with an implementation timeline of March 2023.
- A Data Management Policy was launched 3 October 2022. The policy will support strengthening of our corporate intelligence, embed data ownership and monitoring of data standards and move towards more standardised reporting

3.6 The above is accompanied by a programme of savings and efficiencies including:

- Further rationalisation of printers across the estate
- Energy savings through putting unused machines to sleep
- Strict inventory control and reducing the number of mobile phones etc.
- Rationalisation of software applications where possible and hardware with the move to the cloud.

These proposals are estimated to achieve £359k p.a. by the end of the initial three-year period and a further £0.6m p.a. by the fifth year. The most significant benefits will come from the implementation of the new technology roadmap that underpins the ICT strategy:

- Phase 1 will include savings from the hybrid cloud strategy. There will also be savings from the rationalisation of existing systems such as the move away from Citrix and turning off legacy email systems.
- Phase 2 will include further system rationalisation including the replacement of the current recruitment solution, and Finance and HR Solutions
- Finally, linked to the work to further rationalise the council's office estate will enable ICT savings from having fewer premises on the network.

3.7 The roll out of automation is being tested in two areas. Whilst not primarily about delivering efficiencies, it will enable the workforce to operate more effectively and manage existing/growing workloads within the available resources.

A More Purposeful and Effective Core

3.8 This workstream will reshape how the Core operates so that core services, systems and processes are customer-focussed incorporating self-service and digital functions where appropriate, mirroring the RBDXP work for the council's workforce.

The key deliverables include:

- The implementation of the new operating model with the move to digital first. This will ensure we realise the benefits from the implementation of the technology investment including the replacement of the current ERP (Finance, HR and procurement) system, which is end of life, to be implemented by 2025, new recruitment system in the current financial year, legal case management system in 2023 and contract management system.
- Whilst all service areas are working on this the following areas have been accelerated: ICT service desk, HROD Recruitment process and Legal casework, all to be completed in 2023 with the aim is to improve productivity /reduce costs through channel shift and reducing handovers and failure demand.

3.9 In total both phases are expected to achieve savings of £1.112m per annum by the 2025/26, with a further £0.8m per annum by 2027/28.

Further Budget Savings and Efficiencies

3.10 As stated in the introduction to the report work has also been carried out to:

- Review workforce budgets and capacity, taking a realistic view on the ability to fill longstanding vacancies.
- All Heads of Service have been asked to review their service areas to identify efficiencies or opportunities for income generation.
- Delivering a corporate programme of work on ensuring the basics are right, sound and competitive procurement, approach to managing inflation, ensuring income budgets are maximised and charges appropriate.

The resultant work has identified a further £3.46m made up of a combination of £170k additional income generation and £3.29m efficiencies, including the targeted investment of reserves, deletion of vacant posts and review of legacy pension budgets.

The table below sets out the total planned savings and efficiencies and the details are contained within Appendix 1.

Corporate Core - Savings proposals

Future Shape Theme	2023/24 £000's	2024/25 £000's	2025/26 £000's	2026/27 £000's	2027/28 £000's	Grand Total £000's
Customer Experience (RBDXP)	0	0	200	500	850	1,550
More Purposeful & Effective Core	200	422	490	400	400	1,912
Digital Data Insights	100	50	209	300	300	959
Future Shape Total	300	472	899	1,200	1,550	4,421
Further Savings & Efficiencies	3,065	205	190	0	0	3,460
Total Corporate Core	3,365	677	1,089	1,200	1,550	7,881

Operations and Commissioning Services Approach to Savings

- 3.11 As part of looking to identify possible savings to support the overall budget priority has been given to generating increased income, the total savings options identified total £2.581m over the three-year period and £2.531m is through increased income. The proposed savings options from across Operations and Commissioning are set out in table 3 of Appendix 1.

Investment Priorities

- 3.12 There were growth and investment pressures of £1.777m identified in November that needed to be considered as part of the budget setting process, and details are included in the table, along with narrative below:

Description	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total £000's
Gorton Hub running costs	500	0	0	500
ICT – EUD refresh	0	750	0	750
ICT – Cyber licences	461	0	0	461
Finance – increased license costs	10	10	0	20
HR – reduced payroll income	23	23	0	46
Total Corporate Core Pressure	994	783	0	1,777

- 3.13 The 2022/23 Corporate Core budget report identified pressures due to the Gorton Hub opening in 2022/23. The hub includes both City Council and Partner offices. There was an initial c£0.5m approved as part of the 2022/23 budget and a further £0.5m is proposed 2023/24 to cover a combination of increased costs due to higher specified accommodation, and to cover costs of vacant units until the Hub is fully let. The Hub includes additional quality space to meet future requirements for office space and feed into the wider ongoing review of office space.

- 3.14 There were also some new pressures that had been identified for 2023/24 and beyond that were highlighted in November and they included:

- Information Technology £0.75m - as part of the ICT strategy there have been including rolling out the end user device strategy. In order to provide an ongoing refresh of kit and additional revenue requirements of c£0.75m will be required from 2024/25.
- Additional security software - there has also been increased requirements in respect of ensuring systems remain secure, and to avoid any security compromises and to aid this additional software has been installed in 2022/23 and the full year costs in 2023/24 will be c£461k per annum.
- Financial Management increased licence software to support the implementation of Civica costs £20k

- HR/OD £46k reduced payroll income as schools use alternative providers.

3.15 In the report to this scrutiny committee in November identified additional £3.55m investment in direct response to the unprecedented pressures facing our residents from the current cost of living crisis the additional funding will provide additional provision to provide some additional targeted support to our residents and further detail is in the table below.

Cost of Living Response – New Investment 2023/24

	2023/24 Recom- mended £000	Comments
Food response	1,000	Working with the Community Food Partnership the majority will be invested in ambient stock and storage which all food providers in the city can access. In addition, there will be targeted support in the 11 priority wards where there is greatest need or vulnerability to the Cost-of-Living crisis.
Local Welfare Provision	600	Additional funding for the Local Welfare Provision scheme operated by the Revenues and Benefits Service. This scheme helps cover essential costs for households in crisis including one-off crisis cash payments and basic white goods & furniture for residents moving from temporary to permanent accommodation.
Other Welfare Schemes	50	Additional support for S17 payments to vulnerable families and for care leavers.
Discretionary Housing Payments	1,000	This is to reinstate the previous budget reduction in this area due to the growing demand for support. The primary aim to support people in their own tenancies and to stop people from becoming homeless.
CHEM	200	Covid Health Equity Manchester to support Communities experiencing racial inequality and other inequalities more likely to be impacted by the cost-of-living crisis
Support to VCSE	500	Additional support to increase the capacity of the VCSE sector to respond to the COL crisis in the wards most affected and citywide
Expand advice & debt support offer	200	Additional investment to expand the advice and debt support offer with a focus on residents who are in the private rented sector
Total	3,550	

Other measures include the following:

- Establishment of the Community Advice Hub – an online and freephone helpline service to connect Manchester residents to the support available, which has been up and running since 3 October 2022.

- Advice and information to schools to poverty proof the school day and help families to ameliorate costs e.g., school uniforms at key points in the school year
- Team Around the Neighbourhoods focusing on cost of living and poverty in the 11 priority wards to bring together the local advice and support offer
- Communications and Engagement campaign across multiple channels to promote the Advice Hub and wider support offer for Manchester residents.
- Work with partners – Registered Providers, VCSE and MLCO to provide a coordinated offer, align resources and extend reach and impact
- Creation of warm spaces through Neighbourhood Living Rooms in Libraries and in community and faith venues where people can access information and support in warm settings. New Investment Proposals

3.16 The higher than forecast funding from the settlement has provided some scope to include additional targeted investments. The following table sets out details of new Corporate Core proposed investments in the Corporate Core, and there is further narrative below.

Description	2023/24 £000's	2024/25 £000's	2025/26 £000's	Total Investment £000's
ICT systems and security resources	250	0	0	250
HR disability hub	250	0	0	250
Target support for vulnerable residents and voluntary sector	2,000	0	0	2,000
Corporate Core New Investment	2,500	0	0	2,500

- 3.17 Due to the increased security risks and the changing ICT environment investment of £250k is proposed to support additional resources in the systems and security team to ensure that council systems are secure.
- 3.18 The council workforce is its most important asset and £250k investment is planned to support the introduction of a disability hub. This will be a one stop shop for staff to access the support, equipment, or adaptations they need to be able to do their job. Establishing these resources was identified as a priority in the Workforce Equality Strategy and disabled staff and other relevant staff are being fully involved in the design of the hub.

Additional Support for Residents

- 3.19 The general council tax increase is required to cover inflation and other pressures the Council is facing. If the general precept is increased additional investment to provide targeted support for vulnerable residents and to the Voluntary, Community and Social Enterprise (VCSE) should be considered to protect our poorer residents. There will be the ability to reduce some of these costs in future years as the economy improves and inflation reduces.

- 3.20 An additional investment of £2m is proposed to provide additional targeted support for vulnerable residents and the voluntary sector and additional support to the most vulnerable residents suffering direct hardship.
- 3.21 Support will be made to Voluntary and Community groups that provide Community Hubs, Good Neighbours Groups and other locally focused activities that support residents in all parts of the city. This will be in addition to the programme of Our Manchester Voluntary and Community Sector (OMVCS) Grants and the Cost-of-Living response resources for the sector. A small amount of this funding will be used to fund two additional posts to help administer the cost-of-living support to residents.
- 3.22 In addition, it is proposed that additional resources are made available to provide support to the most vulnerable residents suffering direct hardship, this will be addition to existing welfare provision schemes but recognise the severity of the current economic climate on our residents. This will seek to achieve targeted support through:
- The ability to waive some or all of the costs for those at summons stage where they engage with a repayment plan. Historical costs could also be considered for write off to ease the debt burden on residents. The Council budgets for income from costs and the budget for this would need to be reduced.
 - Where there is evidence of hardship and there is engagement on a repayment plan with a commitment to maintain the current year instalments (eg by a direct debit) then the ability to suspend arrears recovery or write off all or part of the prior year debt could make a significant difference.
- 3.23 If these options are supported work will be carried out to develop a clear policy framework linked to the cost-of-living work reporting to the Deputy Leader responsible for reducing poverty and tackling inequalities.

This will supplement the Household Support Fund which is being extended by a further £1bn nationally to help with the cost of household essentials, for the 2023/24 financial year. If the allocation methodology remains in line with 2022/23 the Council will receive almost £13m. Alongside this is the £4.140m Holiday Activity Fund which will provide holiday clubs for eligible children in the main school holidays.

The Government has also announced £100m of additional funding for local authorities to support the most vulnerable households in England. The government provided guidance and provisional allocations on 23 December. Allocations are based on authorities' share of Local Council Tax Support (LCTS) claimants according to Q2 2022/23 data, and final allocations will be confirmed at the final Local Government Finance Settlement. The government

expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Support (LCTS) claimants by up to £25. Councils can use their remaining allocation as they see fit to support vulnerable households with council tax bills. Manchester had 48,809 Council Tax Support Scheme claimants (CTSS) as at 30 September 2022 and has been allocated £1.286m.

For 2024/25 the Council should consider the current Council Tax Support Scheme and whether the threshold levels remain appropriate.

The above is in addition to the £3.55m of additional welfare support on an ongoing basis as set out in paragraph 3.15.

- 3.24 If the proposed changes are approved the three-year budget position is shown in Appendix 3.

Traded Services Investment

- 3.25 Off-street car parking forms part of the Operations and Commissioning budgets and whilst the number of car park users has increased in recent months, it has not returned to pre covid levels largely due to changes in peoples working arrangements and the move to hybrid working. Currently pay on the day ticket sales are back to around 80% of the pre covid levels, but season ticket sales are only at around 24% of pre covid levels. There has been a recent price change, and this came into effect in December 2022. Based on the most up to date information and projections, the likely shortfall in car parking income in 2023/23 is likely to be around £1.9m and it is proposed that this will be mitigated through bringing together off street and on street parking and making a reduced contribution to the parking reserve. The parking reserve is forecast to be c£6.3m at the close of 2022/23, although based on current activity levels it would reduce to nil by 2027/28. The support for off street parking is proposed for two years in order to provide time to develop and implement a revised parking strategy that will ensure on street and off-street parking complement each other and that parking income is maximised in the context of the overall priorities to reduce car usage in the city centre.

4. Workforce Implications

- 4.1 Corporate Services currently has 1,995 budgeted FTE, the savings proposals outlined in appendix one indicates a reduction of 27 FTE over the 3-year period. This will be managed through natural turnover and management of vacancies.
- 4.2 Operations and Commissioning has 126 FTE and the savings proposals include deleting 1 currently vacant post in markets.
- 4.3 Vacancy Factor

The Council's establishment is fully budgeted for at the top of the grade. In reality there are vacancies caused by staff turnover, recruitment difficulties and staff employed throughout the grade scale. In order to avoid budgeting for costs that will not be required and the need to make further budget cuts elsewhere, adjustments are being made to reflect these issues by applying a vacancy factor to recognise that vacancies will always exist. The continued challenges in filling posts also means that the council is working hard on ensuring we are an employer of choice and can attract people and minimise the pressures on our existing workforce.

5. Equality and Anti-Poverty Impact

- 5.1 Each saving proposal will be supported by robust business cases where consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and a Poverty Impact Assessment as part of the detailed planning and implementation. Work is also underway on the way in which equalities data is collected across the Council, supporting the ability to be better informed on the impact of changes being made to services.
- 5.2 The current saving proposals in the core directorate focus on delivering efficiencies and implementing new ways of working with limited impact on services which directly deliver to residents. However, the major projects within these proposals, such as RBDXP, have equality and inclusion at their heart and have embedded this in their design stages with robust EqIAs in place at a project level. Due to this diligence at the design stage of these projects, no direct impacts on people and specifically MCC priority protected characteristics have been identified. This will remain under review throughout the further development of these proposals.
- 5.3 The work that will be carried out on individual business cases will be complemented by work to consider the collective impact of the options proposed and how the overall budget changes will impact on equalities, poverty and ultimately our residents. The Core Directorate will review how the use of their budget as a whole, not just that of budget savings/reductions, might mitigate or positively impact on equality, anti-poverty, and how social value can be maximised.

6. Future opportunities and Risks

- 6.1. Whilst there is some provision proposed as part of the budget options the longer-term impacts of the current economic climate are still unknown, and this is likely to have ongoing impacts in terms of both increased demands for direct financial support but also increased demands on service areas across the Council. In addition to the support for residents the current economic uncertainty is likely to continue resulting in increased contractual costs for

goods and services because of higher inflationary pressures across all services.

7. Appendices

Appendix 1 – Savings Schedule

Appendix 2 – Growth and Investment Schedule

Appendix 3 - Indicative Medium-Term budgets by service

Appendix 4 - Indicative Medium-Term budgets by type of spend and income

Appendix 1 - Savings Schedule

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Customer Experience (RBDXP)								
Customer Services & Transactions	ICT investment will make digital access easier and increase no of residents using digital channels rather than traditional channels for contact	Efficiency	Reduced staffing requirement due to increased digital access, staffing reduction will be managed through turnover.	0	0	200	200	7
Digital Data Insights								
ICT	Due to increased flexible working and access to MS teams, reduce number of telephones (mobiles and landlines) across the council	Efficiency	Link to EUD reduce mobile phones and 8x8	5	25	25	55	0
ICT	ICT software change that provides staff authentication to use MCC systems	Efficiency	Minimal impact, staff will authenticate access using different software	90	0	0	90	0
ICT	Rationalise Wi-Fi providers	Efficiency	Reduce number of wifi providers across the estate	0	0	184	184	0

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
ICT	Due to changes in working arrangements, reduce both the number of printers across the estate and the volume of prints.	Efficiency	Re procure new print supplier and reduce number of printers across the estate to reflect new flexible working	5	25	0	30	0
A More Purposeful Effective Core								
Finance, Procurement & Commercial Governance	As part of the planned change in ERP system there will be increased efficiency through standardisation of processes, training of budget holders and self-service.	Efficiency	Look to manage and plan staffing reductions through changed processes and enabling head count reduction through natural turnover and management of vacancies	200	200	200	600	12
HR/OD	Replace existing ATS software to improve recruitment processes and new front Door implementation.	Efficiency	Look to manage and plan staffing reductions through natural turnover and management of vacancies	0	50	65	115	3

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Performance research & Intelligence	Review service operating model with greater emphasis on proactive work to improve our data and develop self-serve capacity and greater prioritisation of requests from services	Efficiency	Reduced staffing. Stakeholders improve data quality, agree to reduce the volume of requests and commit to self-serve as systems improve to enable this	0	122	125	247	5
Legal Services	Increased income through review of fees and charges	Income Generation	Increased fees for legal services to third parties	0	50	100	150	0
Total Future Shape Programme				300	472	899	1,671	27

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Housekeeping								
City Policy	Reduce strategic cultural grant to NFM	Efficiency	Reduce grant support to NFM	50	50	0	100	0

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Reform & Innovation	Workforce review	Efficiency	Reduction in staffing budget through vacant posts	20	0	0	20	0
Communications	Review print and mailroom processes	Efficiency	Reduce print sites, introduce digital scanner solution and reduce courier costs	15	35	70	120	0
Communications	Review subscription and software licenses	Efficiency	Reduce annual subscriptions, software and reputation research	30	0	0	30	0
Registrars	Review existing fees and charges to align with other Core Cities	Income Generation	Increased fees for ceremonies and certificates	0	20	0	20	0
Customer Services & Transactions	Review annual income targets for clamping budgets	Income Generation	Increased income because of activity levels	150	0	0	150	0
Corporate	NI and Superannuation savings through introduction of electric car leasing	Efficiency	Employees will access ULEV through salary sacrifice	0	100	120	220	0
Corporate	Savings against historic pension costs	Efficiency	Historic budget reduced to reflect current needs	500	0	0	500	0

Corporate Core	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2023/24	2024/25	2025/26	Total	
				£'000	£'000	£'000	£'000	
Parking	Review existing parking and bus lane reserve	Efficiency	Review forecast bus lane and parking reserves to ensure investment opportunities are maximised. The funding will be used a year in arrears to contribute to funding the road safety elements funded through the transport levy.	2,300	0	0	2,300	0
Total Housekeeping Savings				3,065	205	190	3,460	0
Grand Total Corporate Core				3,365	677	1,089	5,131	27

Operations and Commissioning Savings Proposals

Description of Saving	Impact	Type of Saving	Amount of Saving				Indicative FTE Impact
			2023/24	2024/25	2025/26	Total	
			£'000	£'000	£'000	£'000	
Bereavement Services - Income charges, increase of 10% on all fees and charges	Impact on funeral poverty for Manchester Residents	Income Generation	0	0	372	372	-
New advertising hoardings on Chester Road roundabout	The delivery of the scheme is subject to planning approval, considerable engagement has already taken place to ensure that the planning application addresses all the requirements and concerns.	Income Generation	0	100	0	100	-
Increased traffic enforcement – Moving Traffic Offences - new scheme / Bus Lanes - full enforcement of all bus lanes and bus gates	Will generate additional revenue income that will be used for investment and release existing mainstream budgets	Income Generation	0	1,000	1,000	2,000	-
Increase to the fees and charges for a Pest Control Service	A 10% increase in prices charged to customers.	Income Generation	59	0	0	59	-
Reduction in pest control supplies budget	Will require more efficient purchasing	Service reduction	20	0	0	20	-
City Centre and Specialist Markets Saving Delivery Proposal. Disestablish G4 vacant post	Increased flexible working between City Centre and Specialist Market delivery teams.	Efficiency	30	0	0	30	1.00
			109	1,100	1,372	2,581	1

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Appendix 2 – Growth and Investment Schedule

Service	Description of Pressure	Pressure / Growth Amount			
		2023/24	2024/25	2025/26	Total
		£'000	£'000	£'000	£'000
Investment and growth included in the 2022/23 MTFP:					
Operational Property	Revenue support for costs of Gorton Hub as reported in the 2022/23 budget process.	500	0	0	500
ICT	Additional software licenses there has also been increased requirements in respect of ensuring systems remain secure, to avoid any security compromises and to aid this additional software has been installed in 2022/23 and the full year costs in 2023/24 will be c£461k per annum.	461	0	0	461
Financial management	Increased costs of licenses with the implementation of the new Civica finance system.	10	10	0	20
HROD	Reduced income – reduction in use of the school payroll service	23	23	0	46
ICT	Costs of ICT hardware refresh. In order to provide an ongoing refresh of kit and additional revenue requirements of c£0.75m will be required from 2024/25.	0	750	0	750
Sub Total		994	783	0	1,777
Investment and growth added since the 2022/23 MTFP:					
ICT	ICT systems and security resources	250	0	0	250
HROD	HR investment in disability hub	250	0	0	250
	Target support for vulnerable residents and voluntary sector	2,000	0	0	2,000
Sub Total		2,500	0	0	2,500
Total Corporate Core Investment		3,494	783	0	4,277

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Appendix 3: Indicative Medium-term budgets by service

Service Area Chief Executives	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Coroners & Registrars	2,374	2,374	2,354	2,354
Elections	1,118	1,118	1,118	1,118
Legal	10,088	10,088	10,038	9,938
Communications	3,441	3,396	3,361	3,291
Executive	980	980	980	980
Policy, Performance & Reform	14,493	15,223	15,051	14,926
CEX Corporate Items	1,215	1,215	1,215	1,215
Total Chief Executives	33,709	34,394	34,117	33,822

Service Area Corporate Services	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Finance, Procurement & Commercial Gov	8,191	8,001	7,711	7,391
Customer Services	12,955	17,555	16,555	15,535
ICT	15,596	16,207	16,907	16,698
Human Resources & OD	4,528	4,801	4,774	4,709
Audit, Risk & Resilience	1,468	1,468	1,468	1,468
Capital Prog, Op Prop & FM Services	21,874	22,070	22,975	22,975
Total Corporate Services	64,612	70,102	70,390	68,596
Corporate Core Grand Total	98,321	104,496	104,507	102,418

Service Area Business Units, Advertising and Parking	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Business Units	(2,253)	(2,362)	(2,362)	(2,734)
Advertising	(4,400)	(4,400)	(4,500)	(4,500)
Parking Services & CCTV	(7,074)	(7,074)	(7,074)	(7,074)
Total	(13,727)	(13,836)	(13,936)	(14,308)

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Appendix 4: Indicative Medium-term budgets by type of spend / income

Corporate Core	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Expenditure:				
Employees	86,276	86,076	85,704	85,114
Running Expenses	235,007	241,509	242,962	242,563
Capital Financing Costs	166	166	166	166
Contribution to reserves	9,905	9,905	9,905	9,905
Sub Total Subjective Expenditure	331,354	337,656	338,737	337,748
Less:				
Other Internal sales	(14,795)	(14,795)	(14,795)	(14,795)
Gross Expenditure	316,559	322,861	323,942	322,953
Income:				
Government Grants	(161,258)	(161,258)	(161,258)	(161,258)
Contributions from Reserves	(7,151)	(7,151)	(7,151)	(7,151)
Other Grants Reimbursements and Contributions	(4,224)	(4,224)	(4,224)	(4,224)
Customer and Client Receipts	(33,834)	(33,985)	(34,055)	(34,055)
Other Income	(11,771)	(11,747)	(11,747)	(11,847)
Gross Income	(218,238)	(218,365)	(218,435)	(218,535)
Total Corporate Core Net Budget	98,321	104,496	105,507	104,418

Business Units, Advertising and Parking	2022/2023 Budget £'000	2023/2024 Indicative Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000
Expenditure:				
Employees	4,969	4,939	4,939	4,939
Running Expenses	20,557	20,963	20,963	20,963
Capital Financing Costs	116	116	116	116
Contribution to reserves	28	28	28	28
Sub Total Subjective Expenditure	25,670	26,046	26,046	26,046
Less:				
Other Internal sales	(2,696)	(2,696)	(2,696)	(2,696)
Gross Expenditure	22,974	23,350	23,350	23,350
Income:				
Government Grants				
Contributions from Reserves				
Other Grants Reimbursements and Contributions				
Customer and Client Receipts	(36,701)	(37,186)	(37,286)	(37,658)
Other Income				
Gross Income	(36,701)	(37,186)	(37,286)	(37,658)
Total Business Units, Advertising and Parking Net Budget	(13,727)	(13,836)	(13,936)	(14,308)