



Resources and Governance Scrutiny Committee

Date: Thursday, 8 February 2024

Time: 10.00 am

Venue: Council Antechamber, Level 2, Town Hall Extension

This is a **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

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Membership of the Resources and Governance Scrutiny Committee

Councillors - Simcock (Chair), Andrews, Brickell, Connolly, Davies, Evans, Kilpatrick, Kirkpatrick, Lanchbury, Rowles, Stogia and Wheeler

Second Supplementary Agenda

8. **Revenue Budget Update and Corporate Core Budget 2024/25** 3 - 46
Report of the Deputy Chief Executive and City Treasurer.

This report sets out the latest forecast revenue budget position, and the next steps. It also provides a high-level overview of the updated budget position. Following the provisional finance settlement announced on 18 December 2023, the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduce to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m are delivered next year.

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 **Friday, 2 February 2024** 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: Resources and Governance Scrutiny Committee – 8 February 2024
Executive - 14 February 2024

Subject: Revenue Budget Update and Corporate Core Budget Proposals 2024/25

Report of: Deputy Chief Executive and City Treasurer

Summary

Local Government is under profound financial pressure, largely due to externally driven cost and demand pressures at a national level particularly affecting Adults Services, Children’s Services and Homelessness. It is in this context that the Council must set a balanced budget.

This report sets out the latest forecast revenue budget position, and the next steps. Following the provisional finance settlement announced 18 December the Council is forecasting an estimated budget shortfall of £38m in 2024/25, £79m in 2025/26, and £90m by 2026/27. After the application of approved and planned savings, and the use of c.£17m smoothing reserves in each of the three years, the budget is balanced for 2024/25 and the remaining gap reduce to £29m in 2025/26 and £41m by 2026/27. This position assumes that savings of £21.4m are delivered next year.

This report provides a high-level overview of the updated budget position. 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 14 February 2024.

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 budget changes which are relevant to the remit of this scrutiny committee.
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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>	<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) and an Anti-Poverty Assessment.
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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 2024/25 revenue budget set by Council on 1 March 2024.

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.

[Medium Term Financial Strategy and 2023/24 Revenue Budget – Executive 15 February 2023](#)

[Revenue Budget Update 2024/2025 - Resources and Governance Committee 7 September 2023](#)

[Revenue Budget Update and Corporate Core Budget Proposals 2024/25 - Resources and Governance Committee 9 November 2023](#)

[Provisional Local Government Finance Settlement 2024/25 and Budget - Resources and Governance Scrutiny Committee 11 January 2024](#)

1. Introduction

- 1.1. This report outlines the Council's budget position for 2024/25 and an update on the budget for the Corporate Core including progress in reaching a balanced budget, reflecting preliminary savings and investment options.
- 1.2. An indicative balanced 2024/25 budget was set out in the February 2023 MTFs, including the planned use of reserves. In common with the rest of the sector the Council's finances continue to be under pressure. Despite a good track record on managing demand at a local level, the high levels of inflation and external pressures are causing extra demand for services, meaning costs are outstripping the level of resources available. This is causing both an in year overspend and increasing the cost pressures into future years. As reported to Resources and Governance committee in September and November the current year's pressures and updated forecast overspend meant that the budget position for 2024/25 had to be reviewed.
- 1.3. This report updates on the refreshed position taking account of the ongoing impact of pressures which are materialising in the current year, the outcome of the provisional settlement and the mitigating actions and savings which have been proposed by officers to enable a balance 2024/25 budget to be presented.

2. Background

- 2.1. At the committees November 2023 meeting an updated position was presented leaving a budget gap of £1.6m in 2024/25, £30m in 2025/26, increasing to £49m by 2026/27.
- 2.2. As outlined in the 11 January report to Resources and Governance Scrutiny Committee the provisional settlement was in the context of another very difficult year for Local Government. A survey by the LGA found that one in five councils believe they are fairly or very likely to issue a Section 114 notice this year or next. A number of Councils have now applied to the government for 'exceptional financial support'. Typically, this consists of a capitalisation directive allowing them to fund day to day spending from capital resources.
- 2.3. There are a number of underlying reasons for the financial challenges being faced which include:
 - Inflation, which averaged 8% in 2023, has lagged and impacts as contracts are renewed or uplifted in line with prices.
 - Constrained financial resilience following the cumulative impact of 14 years of austerity measures.
 - Higher Interest rates pushing up capital financing costs
 - The Autumn Statement prioritised personal tax cuts over public sector spending increases
 - Late single year settlement, with an unexpected 84% cut in core funding Services Grant

- Unrelenting demand pressures and market pressures have compounded challenges, especially in relation to social care, homelessness and the NHS, reflected in:
 - Nationally c64% of Local Government spend is now on Social Care
 - A sharp increase in placements for children costing over £10,000 p/w
 - National temporary accommodation crisis - homelessness, asylum dispersal and Unaccompanied Asylum Seeking Children (UASC).
- National Dedicated Schools Grant deficits, caused by special education needs costs and demand.

2.4. Whilst not complacent, the Council is in a better position than many and is able to propose a balanced budget for 2024/25. This is due to the careful long-term financial planning which has involved:

- Taking tough decisions early, making difficult decisions around cost reduction and doing things differently.
- Investment in demand management and prevention
- Delivery of planned savings and replacement of those that could not be implemented as planned
- Holding a robust position on reserves and using them wisely
- Prioritising investments which are important to residents such as Neighbourhood services, cost of living and protecting the most vulnerable.

2.5. Despite this, a significant and growing budget gap remains from 2025/26, and urgent action will be required to address this.

3. Changes to the budget position

3.1. The November 2023 scrutiny committees were presented with an updated position which reflected £25m of pressures and budget growth. Options were presented to close this gap, which included additional cuts and efficiencies of £2.5m for consideration. This was in addition to the £36m of savings agreed in last years MTFP and the use of c£17m a year of smoothing reserves. It was anticipated that further cuts and savings may be required depending on the outcome of the provisional settlement.

3.2. The government announced the Autumn Statement on 22 November 2023 followed by the provisional finance settlement on 18 December 2023. There was no new funding announced in the provisional settlement. Disappointingly the Services Grant was cut by 84.1% nationally. For Manchester this is a reduction of £6.1m, from £7.2m to just £1.1m. Whilst some redistribution of services grant had been anticipated, it was not expected at this scale. This cut was partly offset by an increase in forecast business rates income of £3.1m (one off) linked to another year of Retail, Hospitality and Leisure Relief. This scheme gives 75% relief for this sector up to a cap of £110k per business. This has a positive impact on the level of bad debt and appeals to be provided

for, as these are now based on a reduced level of income. Other settlement changes to Revenue Support Grant and New Homes Bonus net to £0.6m. The budget impact of the settlement is a £2.4m worsening of the position for 2024/25 and expected to rise to £5.3m in 2025/26.

- 3.3. In addition to the challenges presented by the settlement announcements, growing pressures in social care and homelessness during 2023/24 are likely to carry on into 2024/25 and are therefore unlikely that these will be contained within the previous budget assumptions. At period 6 the 2022/23 outturn position was forecast at £3.5m overspend. The next monitoring report is being finalised and it is expected the position will worsen. It is likely that the overspend will mean that the General Fund reserve will need to be topped up by at least £1m to maintain the reserve at a reasonable level to enable the overspend to be funded.
- 3.4. This increased next years budget gap to c£5m as set out to Resources and Governance committee 11 Jan 2024 and shown in table one below.

Table One: Impact of Settlement announcements on the forecast budget gap

	2024 / 25 £'000	2025 / 26 £'000	2026 / 27 £'000
Position reported to Resources and Governance Nov 2023	1,655	29,844	48,990
Settlement changes	2,374	5,265	5,256
Services Grant end		1,138	1,138
Increase General Fund to reflect worsening overspend	1,000		
Revised Shortfall / (surplus) after settlement reported to Resources and Governance 11 Jan 2024	5,029	36,247	55,384

- 3.5. In addition to the settlement announcements Manchester continues to face growing pressures in social care and homelessness. In the last two months there has been an increase in children's placement numbers and costs, further significant pressures across ASC budgets and some worrying trends in asylum seekers/migrant policy/homelessness. This is in line with national trends and core cities and other GM authorities are all reporting similar issues. Work throughout January quantified the full year effect of the increased numbers of residents requiring care and support, which came to £18.4m, after demand management and proactive mitigations of £8.4m this has been reduced to an additional budget requirement of £10m in 2024/25. Whilst extremely challenging it is important that a realistic and deliverable budget is set which recognises these additional pressures, and allows a realistic budget to be set. Table Two outlines the gap reported to RAGOS in January; highlighted the additional pressures identified and their mitigations to arrive at an updated gap of £15.029m.

Table Two – Additional budget pressures in Adults and Children's Services

	2024 / 25 £'000	2025 / 26 £'000	2026 / 27 £'000
Revised Shortfall / (surplus) after settlement reported to Resources and Governance 11 Jan 2024	5,029	36,248	55,384
Pressures:			
Adults - Ongoing Impact of 2023/24 pressures Demand Management and Prevention	12,400 (6,400)	12,400 (6,400)	12,400 (6,400)
Adults - Net additional pressures	6,000	6,000	6,000
Children's - Ongoing Impact of 2023/24 pressures	4,000	4,000	4,000
Increased inflation requirement	2,000	2,000	2,000
Demand Management and Prevention	(2,000)	(2,000)	(2,000)
Children's - Net additional pressures	4,000	4,000	4,000
Total net additional pressures	10,000	10,000	10,000
Total Budget Gap January 2024	15,029	46,248	65,384

- 3.6. The changes in the Provisional Finance Settlement and increased pressures in social care meant further work was required to ensure a balanced budget for 2024/25 can be put forward for consideration by the Executive. Actions to balance the budget, totaling £15m, have been identified and shown in Table three, which shows a balanced position for 2024/25.

Table Three – Additional Proposals to balance the budget

	2024 / 25 £'000	2025 / 26 £'000	2026 / 27 £'000
Budget Gap	15,029	46,248	65,384
<i>Less additional saving/resources:</i>			
Council Tax & Business Rates better collection	3,930	12,379	20,135
GMCA Rebates and Levies	6,102	877	292
Additional Investment Estate and Enforcement Income	1,500	1,500	1,500
Rephasing of ICT and G&D investments	1,000	0	0
Airport Interest	1,195	1,390	1,390
Reduced Travel Costs	302	302	302
Gas energy savings (wholesale price reduction)	1,000	1,000	1,000
Total	15,029	17,448	24,619
Final Budget Gap	0	28,800	40,765

- 3.7. It is important to note that £8.53m of the measures proposed to close the £15m gap are non-recurrent, meaning more permanent proposals will need to

be found for 2025/26 and beyond. The changes to council tax and business rates collection reflect the release of collection surpluses of £2.13m which are one off, as well as recurrent increases to resources due to being able to charge a 100% council tax premium on unfurnished empty homes, expected to raise £0.8m per annum and a £1m per annum improvement in business rates collection which is now at pre pandemic collection rates. The uplifts in Council tax for 2025/26 and 2026/27 are due to the introduction of a new council tax premium levied on empty furnished properties, such as second homes and short term holiday lets. Governments budget assumptions through to 2028/29 also assume annual council tax increases of 4.99% over that time period. This has also been assumed.

- 3.8. The GMCA has also announced it is returning £30m of waste reserves to districts, Manchester's share is £5.4m, on top of a further £702k due to the on going levy budgets being confirmed at a lower level than initially expected.
- 3.9. The Final Settlement is due to be announced in early February 2024. This does not usually vary significantly from the Provisional Settlement. However, on 24 January 2024 additional funding was announced in a written statement in advance of the final settlement. The announcement included a further £500m for social care, £15m increase in the Rural Services Delivery Grant (RSDG), and that the funding guarantee would be increased from 3% to 4% (estimate £60m extra). If the funding is allocated in line with the existing Social Care Grant formula, Manchester would receive around £5.5m. The current budget proposals have shown an additional budget growth of £10m into Adults and Children's social care since the budget position reported to this committee in January, which was in response to significant continuing additional demand pressures in both services. Recommendations on how to achieve maximum value from the funding are being developed and will be finalised once the Final Finance Settlement has been published and final amounts are known. These will be presented to the Executive on 14 February and Budget Scrutiny on 26 February.

4. Updated Medium Term Financial Plan (MTFP)

- 4.1. The final budget position for 2024/25 and future years will be confirmed at February 2024 Executive. This will be after the key decisions confirming the Council Tax and Business Rates tax base to be used to determine the collection fund position have been made in January and the Final Finance Settlement is received.
- 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 as part of last years budget setting process (£10.2m for 2024/25) and additional savings for consideration (£11.2m in 2024/25). The full budget will be set out in the Medium-Term Financial Budget going to Executive on 14 February 2024 and will be updated to reflect anticipated changes in the final Finance Settlement.

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

	2024 / 25	2025 / 26	2026 / 27
	£'000	£'000	£'000
Resources Available			
Business Rates / Settlement Related Funding	406,378	417,785	424,393
Council Tax	230,872	248,888	266,205
Grants and other External Funding	137,242	104,614	104,614
Dividends	195	390	390
Use of Reserves	11,522	13,003	8,222
Total Resources Available	786,209	784,680	803,824
Resources Required			
Corporate Costs	120,478	123,321	123,125
Directorate Costs	703,963	739,985	771,198
Total Resources Required	824,441	863,306	894,323
Budget Gap	38,232	78,626	90,499
Savings approved in Feb 22 MTFP	(10,172)	(20,774)	(20,774)
Additional Savings	(11,202)	(11,202)	(11,202)
Use of Smoothing Reserves	(16,858)	(17,850)	(17,758)
Gap after use of Smoothing Reserves and savings	0	28,800	40,765

4.3. The position outlined above reflects planned savings of £21.4m to be progressed in 2024/25. Details of the proposed changes are included in the relevant scrutiny committee report and summarised by directorate in the table below.

Table Five: Planned budget changes by directorate

Service Area	2023/24 budget	Investment / Pressures	Savings	Change to budget	2024 / 25 budget
	£'000	£'000	£'000	£'000	£'000
Adults Services	219,666	35,628	(7,855)	27,773	247,439
Public Health	43,266	1,252	(15)	1,237	44,503
Childrens Services	143,806	18,719	(6,142)	12,577	156,383
Neighbourhoods	139,225	3,977	(3,211)	766	139,991
Corporate Core	109,617	4,277	(1,359)	2,918	112,535
Growth and Development	(11,395)	0	(1,460)	(1,460)	(12,855)
Corporate budgets and inflation	97,891	19,512	(1,332)	18,180	116,071
Proposed budget	742,076	83,365	(21,374)	61,991	804,067

4.4. The second part of this report sets out the priorities and officer proposals for the services within the remit of this committee. This includes a reminder of the savings proposals identified as part of last years budget setting process

(£36.2m across three years) and additional savings for consideration (£11.2m from 2024/25). As far as possible these are aimed at protecting the delivery of council priorities and represent the least detrimental options.

5. Budget Consultation

- 5.1. There is a statutory requirement to consult with business rates payers. Public consultation on proposed Council Tax levels ran from 31 October until 27 December 2023. The provisional results from the consultation will be reported to Executive on 14th February 2024. The full analysis and results, alongside comments from scrutiny committees, will be reported to the Budget Scrutiny meeting on 26 February 2024 to ensure they are fully considered before the final budget is set.
- 5.2. None of the budget options set out to date require formal statutory consultation.

6. Equalities Impact and Anti-Poverty Assessments

- 6.1. Each saving option that was approved last year was supported by a robust business cases where consideration was been given to how the savings could impact on different protected or disadvantaged groups. Where applicable proposals were 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.

7. Scrutiny of the draft proposals and the budget reports

- 7.1. 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 2024.

Table Six: Scrutiny Committee Remits

Date	Meeting	Services Included
6 Feb 24	Communities and Equalities Scrutiny Committee	Sport, Leisure, Events Libraries Galleries and Culture Community Safety Housing Operations including Homelessness Neighbourhood teams
6 Feb 24	Economy and Regeneration Scrutiny Committee	City Centre Regeneration Strategic Development Housing and residential growth Planning, Building Control, and licensing Investment Estate

		Work and skills Highways
7 Feb 24	Health Scrutiny Committee	Adult Social Care Public Health
7 Feb 24	Children and Young People Scrutiny Committee	Children and Education Services
8 Feb 24	Resources and Governance Scrutiny Committee	Chief Exec Corporate Services Revenue and Benefits / Customer and Welfare Support Business Units
8 Feb 24	Environment and Climate Change Scrutiny Committee	Waste and Recycling Parks Grounds maintenance Compliance

8. Next Steps

8.1. The proposed next steps are as follows:

- 6-8 February - Scrutiny Committees
- 14 February - Executive receive proposed budget
- 26 February - Resources and Governance Budget Scrutiny
- 1 March - Council approval of 2024/25 budget

9. Conclusion

9.1. The Council is only in a position to set a balanced budget for 2024/25 due to the careful long-term financial planning which has involved taking some difficult decisions, including £36.2m of savings agreed across 2024-26 and the use of the planned use of £53.2m, (c£17m per annum), of reserves to support the budget deficit over the three year MTFP period. After that this 'budget smoothing reserve' is fully used and will not be available to support the significant and growing budget gap that remains from 2025/26. Urgent action is going to be required to address this.

9.2. Unless further funding is forthcoming additional significant cuts to council services will be required to balance the budget from 2025/26. The 2025/26 budget process will start immediately to allow maximum time for the development and delivery of future budget cuts. A general election will take place during the next financial year, but the outlook for public finances is poor and the next government will have limited fiscal flexibility.

10. Corporate Core - Service Overview and priorities

10.1. This 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 based on the latest overall budget position.

This update covers the services under the remit of the scrutiny committee, the Corporate Core and Operations and Commissioning services within the Neighbourhood Services Directorate.

- 10.2. The Corporate Core is made up of Chief Executives and Corporate Services and has a gross budget of c. £333m and a net budget of c. £109m. The Directorate employs 2,067 fte. The 2023/24 base budget and fte numbers are shown broken down by service area in the table below.

Table Seven: Base budget 2023/24

Chief Executives	2023/24 Gross budget £'000	2023 / 24 Net Budget £'000	2023 / 24 Budgeted posts (FTE)
Coroners & Registrars	3,925	2,499	50
Elections	1,380	1,154	12
Legal Services	17,905	10,823	307
Communications	4,539	3,525	78
Executive	1,083	1,083	12
Policy, Performance & Reform (PRI)	18,665	16,349	92
CEX Corporate Items	1,345	1,215	0
Total Chief Executives	48,842	36,648	613
Corporate Services	2023/24 Gross budget £'000	2023 / 24 Net Budget £'000	2023 / 24 Budgeted posts (FTE)
Finance, Procurement & Commercial Governance	11,012	8,657	221
Revenue & Benefits and Customer Services	221,772	18,303	524
ICT	16,909	16,909	157
Human Resources & OD	6,047	5,222	161
Audit, Risk & Resilience	1,993	1,810	47
Cap Prog, Operational Prop & FM Services	27,011	22,068	344
Total Corporate Services	284,744	72,969	1,454
Grand Total Corporate Core	333,586	109,617	2,067

The above budgets include:

- Revenue and Benefits £179.1880m subsidy support to cover costs of Housing Benefit and rent rebates to Manchester residents, £2.646m discretionary housing support and £1.3m welfare provision
- City Policy £4.844m support to voluntary organisations and £6.261m support to culture and other projects
- ICT £8.846m hardware, software, maintenance, and licence costs

- Operational property £22.383m for premises costs

10.3. In addition to the Corporate Core, there are other services that are under the remit of the Resources and Governance Scrutiny Committee, this is traded services with Neighbourhood Directorate. The gross budget is £16.845m, with a net income budget of £6.969m and 126 employees. A breakdown of the services is shown below.

Table Eight: Traded Services 2023/24 Base Budget

Service Area	2023/24 Gross budget £'000	2023 / 24 Net Budget £'000	2023 / 24 Budgeted posts (FTE) £'000
Advertising	190	(4,450)	1
Business Units	16,655	(2,519)	125
Total	16,845	(6,969)	126

- 10.4. 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 funding Council services and the assets used to deliver them.
- 10.5. 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.
- 10.6. Traded Services includes:
- 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 c.3,000 funerals and cremations a year, working seven days a week to meet the needs of the city's diverse cultural communities.
- 10.7. 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.

10.8. 2024/25 will remain a busy year for the Corporate Core. Some of the priorities and changes for next year include:

- Supporting development of the refresh of Our Manchester Strategy, Economic Strategy and preparation of the next five year climate change action plan.
- Leadership for the new Medium Term Financial Plan, Capital Strategy and Asset Management Plan.
- Supporting our workforce with the development of the Workforce Strategy, delivery of the Workforce Equalities Plan and considering what good work looks like as part of the Future Shape Programme.
- Continued delivery of support to residents whilst maintaining levels of council tax and business rates collection.
- Implementation of a new ERP (finance and HR) system
- Delivering further electoral reform changes with the potential for a general election.

10.9. The focus will also be on the continued delivery of the five year Future Shape Programme. This includes:

- Resident and Business Digital Customer Experience (RBDXP) - to significantly improve how residents, businesses and councillors interact with the council. Following procurement of the new technology and implementation partner in 2023 work has been progressing well with implementation and it is expected that parts of the new system will go live in March 2024. Once complete, phase one is estimated to achieve a further 20% channel shift, by moving c295k of non-digital contacts to digital.
- Digital Data and Insights - to implement new back-office digital technology and process changes required for the council to work smarter and more efficiently. The MCC ICT and Digital Strategy was approved by Executive in October 2022 and is accompanied by a Technology Roadmap. The new Target Operating Model for ICT is being completed with an implementation timeline during 2024.
- Ensuring the Council has an effective Corporate Core - Improving internal interactions with core services, focusing on self-serve, centres of excellence and collaboration. This includes the replacement of the core ERP system (SAP). The procurement decision for the new ERP system is due in February 2024 to be implemented in 2025/26.
- Ensuring our workforce can thrive in the workplace with the right tools, skills and support; offices are hubs of activity, collaboration and

productivity with a strong connection to the place and communities they are in.

Service budget and proposed changes

- 10.10. The Corporate Core has delivered savings of £3.365m in 2023/24 and currently has approved savings of a further £2.734m over the next three financial years with £0.677m scheduled in 2024/25.
- 10.11. The already approved £0.677m savings for 2024/25 are split between Future Programme savings £472k and general housekeeping savings £205k with full details set out in Appendix 1.

Savings Plan 2024-27

Future Shape and Transformation Programme

- 10.12. As part of the Future Shape programme an initial benefits realisation programme was agreed in 2023/24 with an ambition to deliver almost £5m of savings over a five-year period, of which £2.339m is set out at Appendix 1 and programmed for delivery over the next three years 2024/25 - 2026/27. These include:
- 10.13. An initial £200k from Customer Services in 2025/26 and a further £450k in 2026/27 onwards from the anticipated 20% shift to digital channels through the new customer offer and RBDXP programme. Phase Two will deliver further saving/efficiencies as additional services outside of the customer contact centre are transitioned to the new digital platform. It remains too early to accurately quantify total savings from this programme over both phases. The aim is to achieve up to £1.5m p.a. through the further rationalisation of systems as more services and systems are delivered through the new digital platform. 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.
- 10.14. The changes being delivered through the ICT Strategy and Technology Roadmap include a programme of savings and efficiencies including:
- Review and 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.
- 10.15. These proposals are estimated to achieve £259k over the next three-year period with £50k in 2024/25.
- 10.16. Benefits from the replacement of the current Finance and HR system, which is scheduled for go live in 2025/26 includes total savings of £0.865m over the three year period with an initial £250k in 2024/25.

10.17. In addition to the approved future shape programme other savings were identified and approved as part of the 2023/24 budget process. These total £395k with £205k in 2024/25. The savings include additional income, reduced mailroom costs, reduced grants to football museum and other housekeeping savings.

Support For Residents

10.18. Investment of £5.55m was approved in 2023/24 to provide additional ongoing capacity to support residents in response to the cost of living crisis.

10.19. Evidence shows that there are over 100,000 households in Manchester, which struggle with cost-of-living pressures. In response, the Council reinstated the Residents at Risk group in October 2022. The group brings together MCC services and health partners to support our residents and neighbourhoods who need it most. Underpinned by the Cost of Living Advice Line (freephone & online), the offer includes financial support and advice, community food response, support for VCSE organisations to increase their resilience and capacity, targeted support for communities experiencing the most adverse impacts, neighbourhood response with events targeted at priority wards, warm spaces, work with schools and digital inclusion.

10.20. Of the £5.55m investment, £3.55m was providing direct support to residents, this is ongoing, and officers have undertaken work to consider how to most effectively target resources to provide the support most needed by residents, whilst starting to achieve the shift towards tackling health inequalities. This has made extremely difficult by the loss of Household Support Funding, which is likely to lead to an increased demand for council funded support. A report was taken to RAGOS in January 2025 on Anti Poverty Budget Options and the recommendations in that report have been incorporated into the below.

Table nine: Cost of Living Budget allocations

	2023/24 Allocations £000's	Proposed 2024/25 Allocations £000's	Comments
Food Response	1,200	1,300	Working with Community Food partnership and purchasing ambient food stock for access by food providers
Local Welfare Provision	650	0	Additional funding for the Local Welfare Provision scheme. The funding helps cover essential costs for households, including one off crisis payments, basic white goods and furniture for residents moving from temporary accommodation. These costs

			will now be funded from the existing mainstream budgets.
Discretionary Housing Payments	500	400	The primary aim is to support people in their own tenancies and to help prevent people becoming homeless.
Community Health Equity for Manchester (CHEM)	250	250	To support Communities experiencing racial inequality and other inequalities more likely to be impacted by the cost-of-living crisis.
Support to VSCE	600	700	To increase the capacity of the VSCE sector to respond to the cost of living crisis in the wards most affected and citywide.
Expand advice and debt offer	250	100	Expand the advice and debt support offer across the City.
Other	100	307	Includes additional communication and engagement for residents and support to increase digital inclusion.
Carers Leavers support payment		208	To provide £10 per week to a growing cohort of c400 care leavers. This was previously funded as part of HSF.
Holiday Activity Fund (HAF)		285	This is to compliment the £4.1m government funding to enable activities to take place in half terms and well as the main school holidays. This was previously funded as part of HSF.
	3,550	3,550	

10.21. The other £2m was to provide additional targeted support to vulnerable residents and the voluntary sector.

10.22. In June 2023, the Council's Executive agreed that this would be used to fund a range of flexibilities in the approach to Council Tax collection and recovery, including a more generous approach to making Discretionary Council Tax Payments (DCTP) to residents between now and the end of March 2024. This allows payments of up to £500, or an amount equivalent to three monthly instalments, to be made by staff in the Customer Service Organisation where they believe it will allow residents to continue to meet their regular monthly instalments in the future.

Other flexibilities include:

- An informal breathing space for residents when referred by an Advice Agency or a Manchester Councillor

- Writing off all but the most recent set of summons costs when a resident in receipt of maximum CTS engages with the Council Tax Service. Non collection of these costs has already been accounted for in the Council's bad debt provision.
- Writing off summons costs incurred in the current year when residents who have been summonsed contact the Council to make an arrangement.

10.23. Following the more generous approach to DCTP agreed by the Executive in June 2023, by the end of November 2023 more than £133k has been paid out to residents who are struggling, compared to £46k in the whole of 2022/23. If payments under the scheme continue at the same rate, around £255k will be spent by March 2024, over £200k more than last year.

10.24. Similarly, summons costs have been withdrawn at a faster rate than last year since the Executive meeting in June. £441k of

10.25. These flexibilities have been widely welcomed by advice agencies in the city, but the original intention was that the more generous approach to DCTP and the withdrawal of summons costs would last until March 2024. However, it is because of the popularity with the third sector, who have recognised the benefits to residents, and the flexibility this gives to staff in the Council Tax Service and the Customer Service Organisation to support people struggling to pay their Council Tax, this approach will continue beyond April 2024 to ensure that all of the £1 million is spent supporting Manchester residents. The additional costs from the additional support measures will be met from carrying forward the underspend from 2023/24 and the balance of the £1m allocated to fund the changes to the CTSS.

10.26. Therefore, of the £2m additional funding:

- £1m is providing support 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 has been allocated as part of the Our Manchester grants programme.
- £1m will be used to fund the continuation of the flexibilities in council tax collection outlined above alongside an estimated £770k for the proposed changes to the Council Tax Support Scheme which was approved by Executive in January 2023. The changes followed a consultation exercise and include:
 - a. Increase the maximum CTS award from 82.5% to 85% for working age households
 - b. Adjust the universal credit excess income bands upwards by 2.5% to maintain parity with the 85% maximum award
 - c. Extend the maximum backdating period from 6 months to 12 months.

10.27. Updated information on what this means residents on CTS will pay on their council tax bill including any GM precepts for Police and Fire will be provided as part of the full Medium Term Financial Plan.

- 10.28. Following representations from ACORN and Debt Justice, the Council has now stopped referring accounts to Enforcement Agent companies where they are in receipt of partial CTS. Previously it was only cases where residents were in receipt of maximum CTS that were not referred.
- 10.29. The council are also working to ensure that Enforcement Agents are not used for those entitled to, but not in receipt of CTS. Where a claim has been received If a claim is in progress then this can be easily resolved. However, if someone is entitled to CTS but has not submitted an application, the council would not know. The resident would need to demonstrate entitlement to the EA who should return the account to the Council. Unfortunately, the information to determine eligibility for CTS is not held by the council when the resident is in receipt of UC and they need to make a separate claim.
- 10.30. The Household Support Fund (HSF) scheme was introduced by Government in response to the cost-of-living crisis in September 2021, and in 2023/24 the Council have received Government Grant of £12.9m through the HSF. This has provided direct support to the most vulnerable residents in the form of cash grants and free school meals. The HSF4 funding was operating alongside the additional £3.5m Council investment (See para 9.18) into providing cost of living support to Manchester residents.
- 10.31. It has not been confirmed if the HSF will continue for 2024/25 and no announcements have been made to suggest it will. The last window to announce this will be the Chancellors Budget in March 2024. If there is no further funding the Council will be unable to continue with the scheme into 2024/25.
- 10.32. Should further Government Funding be announced that replaces or continues with the HSF there are identified priorities for funding the Anti Poverty Strategy and Making Manchester Fairer that could be brought forward.

11. New Savings Proposals

- 11.1. In addition to the already approved savings and in recognition of the work required to balance the overall council budget, further options for savings have been developed, and the areas considered include the following.
- Review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacancies.
 - Review all income generation from sales, fees and charges and whether there are opportunities to increase charges in line with inflation and increase income.
 - Review all savings proposals that have not been taken forward as part of the 2023/24 budget process.
- 11.2. The measures proposed are set out below:
- Additional income of £130k:
 - £50k from increased vehicle clamping income.

- £80k from increased registrars income following the price increase that was introduced during 2023/24 which aligned Manchester registrars fee levels with that of other Core Cities.

- 11.3 The Council's staffing establishment is budgeted at the top of the grade, with an allowance made to allow for vacancies, staff not being at top of grade and in year turnover. Despite this, staffing budgets have continued to consistently underspend across all directorates. All vacant posts have been reviewed, with a focus on those that have been vacant for longer than 12 months, to determine which posts should be deleted with the least impact on service delivery. As part of the Council wide £1m saving from vacant posts the Corporate Core has identified total savings of £286k through deletion of 8 long term vacant posts.
- 11.4 The continued challenges in filling posts also means that the council is continuing to work on ensuring we are seen as an employer of choice.

Traded Services

- 11.5 Bereavement services charge for their services which includes, burials, cremations and memorials. The overall income budget is £4.155m. It is proposed to increase this by £406k in 2024/25 and this will be achieved by a combination of reviewing the existing activity levels and applying an uplift to the existing prices. Of the £406k increased income £100k will contribute towards the savings requirements, and the remaining £306k will contribute towards the increased costs within the service due to inflationary increase to costs, including payroll costs.
- 11.6 The City Council currently operates two large advertising contracts for sites across the city. The annual contract value is subject to annual uplifts in respect of inflationary increases in line with RPI, and work is ongoing to identify further opportunities for new sites. It is proposed to increase the existing advertising income budget by a further £0.602m to reflect the forecast inflationary increase in 2024/25.

12. Growth and Pressures 2024-27

Growth Approved 2023/2024

- 12.1 As part of the 2023/24 budget approvals budget growth of £0.783m was approved for 2024/25 and this was in respect of:
- 12.2 As part of the original end user device strategy in 2020 it was agreed that a regular refresh programme of ICT equipment would be undertaken, and an annual budget of £0.75m was approved from 2024 as part of the 2023/24 budget to support the ongoing costs of the refresh programme.
- 12.3 £33k growth was also agreed to offset pressures in HROD £23k due to reduced school income for payroll services, and £10k in financial management to cover increased costs of Civica Pay licences.

Proposed Growth 2024/2027

- 12.4 In addition to the above growth approved as part of 2023/24 budget process further budget proposals of £8.123m are proposed, with £4.123m being required in 2024/25. The Growth items are set out in **Appendix 2**, with further details set out below:

ICT Investment

- 12.5 The report to November RAGOS set out the proposed additional investment of £2m for ICT investment and a further £1.5m to support the operating model, with a fuller update to be included as part of the February Budget Report. The below provides further information on the required investment. The ICT and Digital Strategy has been approved by Executive and outlines the vision for how the Council wants to work in a digitally enabled way. The main objectives are to:
- Action the ambition to be a Digital-first and Cloud-first organisation
 - Align to the Council's wider Digital Strategy and other MCC strategies, developing cross cutting initiatives e.g., data management policy; carbon reduction ambition.
 - Move ICT provision from a traditional transactional service to a more strategic and influencing focused service.
 - Deliver secure, stable, and compliant operational services
 - Innovate and influence new ways of working through exploitation of modern technology
- 12.6 Historically the condition of the infrastructure and investment profile over the preceding years meant that the ICT investment strategy was focused on getting the basics in place - infrastructure, resilience, core platform upgrades and cyber security and disaster recovery. The ICT and Digital Strategy will continue this critical work but also look to focus on helping the Council become more digitally focused, innovative, data-led and cloud native. Alongside this has been the programme to replace some of the Council's major legacy systems which are no longer fit for purpose and reaching end of life. An example is the replacement of the Customer Relationship Management System which is due to go live at the end of the financial year and the recent contract award for the replacement for the current SAP system operates the finance, HR and payroll functions.
- 12.7 ICT projects have been historically funded through capital (with some revenue funding required where there is no 'asset' created). The average annual investment has been approximately £7.4m a year. With the change to cloud first, and software as a service (SaaS), ICT & Digital projects are fundamentally moving away from capital investments where a physical asset is created and hosted on site, to becoming a cloud-based subscription and licensed solution which are externally hosted. This means that they have to be funded from the revenue budget. The current approved investment programme for ICT in 2024/25 is c£15m. The ongoing pressures on the

revenue budget mean that the level of investment is having to be reviewed with an initial £2m investment in 2024 and an increase of £2m per year in subsequent years. This investment will need to cover costs of both implementing the required changes, and the additional subscription costs from introducing cloud-hosted solutions.

- 12.8 As the amount of funding available to support new projects and programmes is changing, it is critical that ICT works with Service areas to plan and prioritise the pipeline of change activity over the next few years. The Digital Design Authority, with the Executive Member for ICT attending, will continue to form an important part of this governance.
- 12.9 ICT remain committed to supporting the Council to achieve its ambitions. The future priorities include:
- Delivering an improved service to our residents and businesses through the implementation of a new Customer relationship Management (CRM) system and website through the Resident and Business Digital Experience Programme.
 - The replacement of the council's main Finance, Procurement and Human Resources system (SAP).
 - Putting the foundations in place to transition to a hybrid cloud approach that will see a migration of services to the cloud to reduce costs and improve resilience.
 - Further embedding the systems and processes from the old Northwards Housing organisation into Housing Services.
 - Updating several legacy line of business applications to support ongoing Service improvements
- 12.10 The ICT Service was last restructured in 2019 and whilst there have been significant improvements in service delivery and improved reliability and stability of the Service, the requirements of an ICT service have changed substantially with the development of the hybrid cloud and the organisational requirement for a fresh, digital approach. It is becoming increasingly challenging for ICT to deliver these requirements and meet the increasing levels of demand from cyber security and the volumes of change being delivered. In addition, almost £0.9m of the staffing costs have been previously recharged to capital to support the implementation of the capital investments and £431k of staffing posts have been directly charged to capital. For the reasons outlined above these costs will now have to be funded from the revenue budget. There is also a mismatch of skills to new requirements and historic savings that have been met through holding vacancies while the new operating model is developed. All these issues need to be addressed.
- 12.11 ICT have developed a Future Operating Model to support the current and emerging requirements, driven by changes in the way technology services are delivered. A new structure is planned to be implemented early in 2024/25 that will be transitioned to over a 3–5-year period in line with changes to digital, data and technology services. This will address:

- The support of services switching from capital to revenue funding.
- The heightened Cyber Threat that all organisations are facing from attacks whilst ensuring we minimise our attack surfaces.
- Increased contract and license management from the move towards subscription and cloud consumption from traditional capitalised hardware and perpetual licensing.
- An increased focus on product management to work with the organisation to maximise the use of our investments in digital, data and technology.
- The reliance and expectations of the organisation on our support teams to meet the demands of a digital centred organisation and to support work within the Council to maximise the potential of digital capabilities.
- Transforming the Enterprise Architecture function to become the digital advisors to the organisation whilst ensuring the technical architecture is fit for purpose.
- The growing requirements to support Housing Operations.
- Recruitment and retention issues when competing to attract resources in the fastest growing digital region in Europe.
- Delivering capabilities which will allow the organisation to make improved use of data leading to the use of artificial intelligence enabled services.
- Implementing a flexible and career graded structure to enable the council to 'grow our own' subject matter experts who can see a future within MCC using modern apprenticeships.
- A move to significantly reduce contractor spend.

12.12 The total estimated costs of supporting the shift from capital to revenue and to meet the growing demands on the service are estimated to cost an initial £2m, in 2024/25 and this is increased by a further £2m per annum 2025/26 and 2026/27. This is being phased in line with the shift towards revenue funding and the development of the new operating model with a proposed total of £1.5m additional funding phased £1m 2024/25 and a further £0.5m 2025/26.

External Audit

12.13 External Audit fees are set by Public Sector Audit Appointments Ltd (PSSA), who are a not-for-profit organisation. Due to the increased volume of work required in recent years PSSA have stated that the 2024/25 external audit fees will increase by up to 150%, and a budget increase of £290k is required to cover the increased costs in 2024/25.

Traded Services

12.14 The temporary closure of Albert Square as part of the Our Town Hall project means that the Christmas Markets are being delivered from a smaller footprint. An additional £1m of funding is being provided until the town hall reopens to offset the lower rental income that can be realised. This funding will then be used to meet some of the increased operating costs of running the civic estate once the town hall is reopened.

13. Government Grants 2024-27

13.1 The range and diversity of grants from government has increased markedly over the past few years and tend to be targeted at specific government departmental objectives. Table 10 sets out details of both the current and forecast grant funding within the Corporate Core.

Table ten: Government Grant Allocations (£m)

Service	Grant Name	23/24 £000's	24/25 £000's	25/26 £000's	26/27 £000's
Revenue & Benefits	Voluntary War Pension	43	43	43	43
Revenue & Benefits	Housing Benefits	127,519	127,519	127,519	127,519
Revenue & Benefits	Non-HRA Rent Rebates	12,900	12,900	12,900	12,900
Revenue & Benefits	Rent Reb awards	24,488	24,488	24,488	24,488
Revenue & Benefits	New Burdens	500	500	500	500
Revenue & Benefits	Discretionary Housing Payments	1,396	1396	1396	1396
City Policy	Grow Green	137	0	0	0
City Policy	Climate Change	9	0	0	0
City Policy	ERDF UGEGM	25	25	25	25
City Policy	ERDF R&I Bio	46	46	46	46
Elections	General Election	90	0	0	0
Elections	New Burdens Funding	0	141	0	0
Corporate Items	Redmond Review	83	83	83	83
Elections	Elections	185	0	0	0
Performance, Research & Intelligence	Transparency Grant	13	0	0	0
Performance, Research & Intelligence	HDRC	0	255	1,250	1,250
Total		167,434	167,396	168,250	168,250

13.2 The Corporate Core main source of grant income is in respect of housing benefit subsidy support, this cover rent allowances and council tax benefits, the amount received is based on the actual volume and value of applications received and processed in year.

13.3 The majority of other grant income received are one off and time limited for specific projects or activities.

14. Sales, Fees, and Charges

14.1 As part of the net Corporate Core budget there are income budgets of c£33.1m for sales, fees, and charges. The main area of charges are:

- service provision to other local authorities or public organisations,
- fees and penalty charge notices for on street parking and bus lane enforcement
- Charges for goods and services to residents and businesses.

14.2 The table below provides a high-level summary of the current budgets for sales, fees and charges across within the Corporate Core.

Table eleven: Summary of sales, fees and charges budgets

Service Area	2023/24 Budget £000'S	Comments
Local Authorities/Public Sector Organisations		
Human Resources	451	Charges are made for payroll services and provision of DBS certificates to other organisations, including schools.
Legal	5,932	Charges to recover the costs of legal services provided to Salford, Rochdale (Children's Legal Services) and work for GMCA.
Procurement	56	Charges to recover the costs of procurement services provided to Bolton Council.
Internal Audit	115	Charges to recover the costs of internal audit services provided to other authorities including Bolton Council.
Commercial Governance	101	Company secretary services are provided to other organisations through a separate company.
Services to Residents and Businesses		
Registrars	1,425	Registrars charge residents for issuance of Certificates in relation to births, deaths and marriage and also for undertaking both marriage and civil partnership ceremonies.

Finance	239	Fees charged to residents for undertaking the deputyship role, i.e. managing residents financial affairs if they are unable to do so.
On Street Parking	16,616	Income from on street parking fees and penalty charge notices, the income is used to cover the costs of funding the parking and enforcement service, and any surplus must be credited to a reserve and any use is limited under statute and must be used for transport related expenditure. full details are set out in the MTFP and Reserves Strategy.
Bus Lane Enforcement	6,514	Income from bus lane enforcement is statutorily restricted in what it can be used for. It is used initially to fund the costs of enforcement, and any surplus must be ringfenced for specific use, this includes 1. Provision or operation of public passenger transport, and 2. Highway improvement projects.
Clamping	378	Vehicles can be clamped or removed if the driver has a number of unpaid parking tickets, the car is not registered with DVLA or the vehicle is untaxed. In order to retrieve the vehicle the vehicle owner has to pay either a clamp release fee, or a release fee if the vehicle has been impounded.
Communications	1,012	Provision of interpretation and Translation services including British Sign Language and provision of professional printing and finishing service.
Other		
Policy	48	The Council has a statutory duty to name and numbers streets, fees are payable by developers to register new streets names.
Capital Programmes	176	The Council is in partnership with other LA's and operates a construction and professional services framework whereby other public sector organisations can use the frameworks to access required professionals, fees are payable for accessing the framework.
Other	40	
Grand Total	33,103	

- 14.3 As part annual budget process all sales, fees and charges have been reviewed to ensure that they are services are fully recovering fees where appropriate and the budgets reflect the level of income likely to be received.
- 14.4 As part of the review it was recommended that some external charges are increased by up to 5% from 1st April. Rather than increasing by September CPI which was 6.7% it was proposed to cap the non-contractual increases at 5%. The increases are projected to generate a further £266k which has been included in the overall budget as part of the £1m increased income from sales fees and charges. Details of these changes are set out in the table below:

Table twelve: Proposed inflationary increases to income.

Income Generating Area	Proposed Increase £000's	Comments
Human resources	26	Increase external payroll costs by 5%
Communications	52	Increase external fees by 5%, this covers M4 printing and design.
Procurement	4	Increase external charges by 5%
Internal Audit	10	Increase external charges by 5%
Commercial Governance	15	Increase existing external charges
Registrars	80	Realign existing income budgets
Capital Programmes	25	Realign existing income budgets
Non DPE – Clamping	54	Realign existing income budgets
Total	266	

- 14.5 Following the review it is proposed to increase income budgets overall by £0.625m. Of this £133k is as a result of updating budgets to reflect current activity and income and the rest is through increased charges.

Table thirteen: Overall proposed changes to income budgets

	£000's	£000's
Corporate Core 2023/24 Budget		33,103
Activity Based Changes - £100k for registrars and £33k from charges to release vehicles for being clamped post persistent parking offences or non taxed vehicles.	133	
Proposed Inflationary Increases to cover costs- – increased charges to reflect the costs of staff pay award on legal services provided to other local authorities.	226	
Proposed Inflationary Increases as per table 11 above.	266	
Sub Total Changes		625
Proposed 2024/25 Budgets		33,728

14.6 Appendix 3 provides an overview of the forecast medium-term budgets by service. Appendix 4 provides an objective analysis of the 2023/24 budget to also set out the key areas of income.

15. Commissioning and procurement priorities

15.1 Contract sessions with directorate management teams were initially established in September 2023 and now take place on a quarterly basis with next sessions scheduled for February. The aim of these is to support management teams to understand both their current contractual position and contract spend, and to develop an agreed pipeline of future commissions.

15.2 A new Contract Management System is expected to go live during the current financial year. Once operational this will provide Directorates with consistent contract performance information to support contract managers to ensure that contracts deliver against expectations and that opportunities for improvement can be identified and realised more easily. The system will also enable services to identify and proactively plan for the pipeline of upcoming procurements to enable all contracts to be competitively tendered.

15.3 The team have now developed and rolled out a 'Spend Analysis' tool, this is shared quarterly with Directorate Management Teams' and aids their understanding of key supplier relationships, and corresponding contractual relationships. It is also being used to drive innovation in the procurement and commissioning team, by providing a new way to assess spend across the council.

15.4 The new Procurement Act received Royal Assent in late October 2023 and will be in force from October 2024 onwards with a six month transition period to prepare all necessary templates and tender documentation in order to take advantage of the new flexibilities available under the new regulations. This will include rolling out training across the council to ensure visibility of the changes amongst service units.

15.5 A significant additional workload will be generated by the Transparency Reporting arrangements under the new regulations which include a requirement to post details of contract awards and termination details as well as to report on delivery against Key Performance Indicators within major contracts by uploading information onto a database that is to be managed by the Cabinet Office. The Contract Management System and Spend Analysis tool will be valuable in providing information to support this new reporting regime.

15.6 In parallel to the new procurement regulations, the long-awaited regulations for the new Provider Selection Regime (which applies to healthcare procurements) were laid in Parliament in mid-October and came into force on 1st January 2024 to provide a mechanism to avoid unnecessary competition in certain limited circumstances and to direct award contracts where it is considered that tendering would be unlikely to generate sufficient interest from suppliers to justify the exercise. The draft regulations and statutory guidance

have been shared with Public Health, Legal and Procurement colleagues to assist with planning and workshops will be held during the lead in period to run through the detailed workings as there will be new requirements not only in terms of procurement procedures but also for contract notices and auditing of decisions made under the Regime.

- 15.7 The Unit has a significant role in supporting the work of the Major Contracts Review Board which was established in early 2023 and intended to provide assurance for the council that appropriate and robust management arrangements are in place for the council's Gold rated contracts. The Board meets on a 6-weekly cycle and, following an intense period of work to establish the Board's working practices, IC&P has produced a forward plan of contracts for future scrutiny and developed a Delivery Model Assessment and a Sourcing Policy which will go to Executive for Approval in the next 2-3 months.
- 15.8 The Core has a number of high-value procurements and contract implementations in the pipeline including, but not limited to the following:
- Implementing the Power Purchase Agreement which was procured earlier this financial year and which will come onstream in 2025, £42m total value.
 - Gas, contract value in the region of £8m. First call-off contract to be procured imminently ahead of 2024/25.
 - VCSE Infrastructure Support Service, £2.8m total. Aim for contract award in February; the contract introduces new elements which will need to be implemented over the coming year.
 - North West Construction Hub Low Value Framework which is close to award stage, £400m. This framework will be used for procuring low value construction works contracts.
 - Electric Vehicle Charging, timescales and value are to be confirmed in due course. The council is looking at options for electric vehicle charging capacity across the city.
 - Security - approximately £6m per annum. Procurement will take place in 24/25 ahead of an April 2025 start.
 - A number of high value ICT contracts including the implementation of the new Finance and HR system, the procurement of which is currently in the final stages.

16. Workforce Implications

- 16.1 Corporate Services currently has 2,067 FTE, the savings proposals outlined in appendix one indicates a reduction of 35 fte over the 3-year period. This will be managed through natural turnover and management of vacancies.

Vacancy Factor

- 16.2 Whilst 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. As part of looking to reduce staffing budgets without impacting on services a review of all current long term vacancies has been undertaken and 8 long term vacant posts are proposed for deletion, this will realise savings of £286k in 2024/25 and full details are set out at para 11.3. 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.

17. Equality and Anti-Poverty Impact

- 17.1 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.
- 17.2 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.
- 17.3 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.

18. Future opportunities, risks and policy considerations

- 18.1 The Core continues to support residents and businesses with the ongoing implications of the current economic climate are still unknown, this is having 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 climate and particularly higher rates of inflation is leading to increased contractual costs for goods and services across all services.

19. Conclusion

- 19.1 This report sets out the estimated budget position for the next three years and the recommended budget changes for the Corporate Core.

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Appendix 1 - Savings Schedule

Corporate Core

	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
2023/24 Approved Savings:								
Resident and Business Digital Experience								
Customer Services and Transactions	ICT investment will make digital access easier and increase no of residents using digital channels rather than traditional channels for contact	Efficiency	Green	0	200	450	650	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	Green	25	25	0	50	
	Rationalise Wi-Fi providers	Efficiency	Green	0	184	0	184	
	Due to changes in working arrangements, reduce both the number of printers across the estate and the volume of prints.	Efficiency	Green	25	0	0	25	
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	Green	200	200	200	600	12

	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
HR/OD	Replace existing ATS software to improve recruitment processes and new front Door implementation.	Efficiency	Green	50	65	150	265	3
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	Green	122	125	168	415	5
Legal	Increased income through review of fees and charges	Income Generation	Amber	50	100	0	150	
Total Future Shape				472	899	968	2,339	
City Policy	Reduce strategic cultural grant to NFM	Efficiency	Green	50	0	0	50	
Communications	Review print and mailroom processes	Efficiency	Green	35	70	0	105	
Registrars	Review existing fees and charges to align with other Core Cities	Income Generation	Green	20	0	0	20	
Corporate Core	NI and Superannuation savings through introduction of electric car leasing	Efficiency	Green	100	120	0	220	
Housekeeping Sub Total				205	190	0	395	
New 2024/25 Savings:								
Registrars	Review existing fees and charges to align with other Core Cities	Income Generation	Green	80	0	0	80	

	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
Corporate Core	Share of the £1m workforce savings.	Efficiency	Green	286	0	0	286	
Customer Services	Clamping Income	Income generation	Green	50	0	0	50	
New 2024/25 Total				416	0	0	416	
Sales Fees & Charges Savings:								
Registrars	Review existing fees and charges to align with other Core Cities	Income Generation	Green	80	80	80	80	
Corporate Core	Share of the £1m workforce savings.	Efficiency	Green	286	286	286	286	8
Customer Services and Transactions	Clamping Income	Income generation	Green	50	50	50	50	
HROD	Schools income	Income generation	Green	26	26	26	26	
Communications	Increase in charge	Income generation	Green	52	52	52	52	
Procurement	Increase external charges by 5%	Income generation	Green	4	4	4	4	
Internal Audit	Increase external charges by 5%	Income generation	Green	10	10	10	10	
Commercial Governance	Increase existing external charges	Income generation	Green	15	15	15	15	
Registrars	Realign existing income budgets	Income generation	Green	80	80	80	80	
Capital Programmes	Realign existing income budgets	Income generation	Green	25	25	25	25	
DPE	Realign existing income budgets	Income generation	Green	54	54	54	54	

	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
Total Corporate Core				1,755	1,771	1,650	3,832	35

Traded Services

Service	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
2023/24 Approved Savings:								
Advertising	Additional advertisement income from new site	Income Generation	Green	100	0	0	100	0
Bereavements Income	Increased Income	Income Generation	Green	0	372	0	372	0
New 2024/25 Savings:			Green					
Advertising Income	Advertising revenue - Chester Road new site and annual inflationary increase	Income Generation	Green	200	0	0	200	0
Bereavements Income	Increased Income	Income Generation	Green	100	0	0	100	0

Advertising	5% Increase Sales, Fees and charges	Income generation	Green	152	0	0	152	0
Total Traded Services				552	372	0	772	0

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Appendix 2 – Growth and Pressures Schedule

Corporate Core

Service	Description of Pressure	Pressure / Growth Amount			
		2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000
2023/24 Approved pressures:					
Operational Property		905	0	0	905
Financial Management	Civica and purchase card rebate	10	0	0	10
ICT	Ongoing costs of ICT hardware refresh post roll out of EUD	750	0	0	750
HROD&T	Lost school income/CCV	23	0	0	23
New 2024/25 pressures:					
ICT	Support the change in funding to implement cloud projects and associated-subscription costs.	2,000	2,000	2,000	6,000
ICT	Reduced capacity to capitalise ICT staffing costs, and fund resources to support ICT priorities	1,000	500	0	1,500
Corporate Items	Increased costs of External Audit	290	0	0	290
Corporate Items	AGMA	69			69
Revenues and Benefits	Realigning of the Council Tax Support Budgets	(770)			(770)
Total pressures – Corporate Core		4,277	3,000	2,000	8,573

Traded Services

Service	Description	Amount of pressure / growth			
		2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000
Business Units	Christmas Markets – temporary adjustment to offset the loss of income to unavailability of Albert Square.	1,000	0	0	1,000
Total pressures - Business Units		1,000	0	0	1,000

Appendix 3: Indicative Medium-term budgets by service

Corporate Core

Service Area	2023/2024 Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000	2026/2027 Indicative Budget £'000
Chief Executives:				
Coroners and Registrars	2,499	2,319	2,319	2,319
Elections	1,154	1,154	1,154	1,154
Legal Services	10,823	10,773	10,673	10,673
Communications	3,525	3,438	3,368	3,368
Executive	1,083	1,083	1,083	1,083
Reform & Innovation	895	895	895	895
City Policy	11,139	11,089	11,089	11,089
Performance Research & Intelligence	4,315	4,193	4,068	3,900
Corporate Items	1,215	1,215	1,215	1,215
Chief Executives Total	36,648	36,159	35,864	35,696
Corporate Services:				
Finance, Procurement and Commercial Governance	8,657	8,421	8,101	7,901
Customer services and Transactions	18,301	17,427	17,227	16,777
ICT	16,909	20,609	22,900	24,900
Human Resources/ Organisational Development (HR/OD).	5,222	5,169	5,104	4,954
Audit, Risk and Resilience	1,810	1,800	1,800	1,800

Capital Programmes, Operational Property and Facilities Management	22,066	22,946	22,946	22,946
Corporate Services Total	72,965	76,372	78,078	79,278
Grand Total	109,613	112,531	113,942	114,974

Traded Services

Service Area	2023/2024 Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000	2026/2027 Indicative Budget £'000
Advertising	(4,742)	(5,042)	(5,042)	(5,042)
Traded Services	(2,519)	(1,619)	(1,991)	(1,991)
Total Traded Services	(7,261)	(6,661)	(7,033)	(7,033)

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

Corporate Core

Corporate Core	2023/2024 Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000	2026/2027 Indicative Budget £'000
Expenditure:				
Employees	94,916	95,158	94,948	93,980
Running Expenses	255,735	258,844	260,565	262,565
Capital Financing Costs	0	0	0	0
Contribution to reserves	10,340	10,340	10,340	10,340
Sub Total Subjective Expenditure	360,991	364,342	365,853	366,885
Less:				
Other Internal sales	(27,402)	(27,402)	(27,402)	(27,402)
Gross Expenditure	333,589	336,940	338,451	339,483
Income:				
Government Grants	(167,044)	(167,044)	(167,044)	(167,044)
Contributions from Reserves	(6,140)	(6,140)	(6,140)	(6,140)
Other Grants Reimbursements and Contributions	(5,300)	(5,300)	(5,300)	(5,300)
Customer and Client Receipts	(38,535)	(39,001)	(39,101)	(39,101)
Other Income	(6,953)	(6,920)	(6,920)	(6,920)
Gross Income	(223,972)	(224,405)	(224,505)	(224,505)
Total Corporate Core Net Budget	109,617	112,535	113,946	114,978

Traded Services

Business Units	2023/2024 Budget £'000	2024/2025 Indicative Budget £'000	2025/2026 Indicative Budget £'000	2026/2027 Indicative Budget £'000
Expenditure:				
Employees	5,361	5,361	5,361	5,361
Running Expenses	11,699	11,699	11,699	11,699
Capital Financing Costs	0	0	0	0
Contribution to reserves	0	0	0	0
Sub Total Subjective Expenditure	17,060	17,060	17,060	17,060
Less:				
Other Internal sales	(215)	(215)	(215)	(215)
Gross Expenditure	16,845	16,845	16,845	16,845
Income:				
Government Grants	0	0	0	0
Contributions from Reserves	0	0	0	0
Other Grants Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(24,106)	(23,306)	(23,678)	(23,678)
Other Income	0	0	0	0
Gross Income	(24,106)	(23,306)	(23,678)	(23,678)
Total Net Budget	(7,261)	(6,661)	(7,033)	(7,033)