

**Manchester City Council
Report for Resolution**

Report to: Resources and Governance Scrutiny Committee – 12 January 2021
Executive – 20 January 2021

Subject: Corporate Core Budget Proposals 2021/22

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

Summary

As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 2021/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient. The report of the Deputy Chief Executive and City Treasurer, to Resources and Governance Scrutiny Committee 12 January provides an update on the finance settlement.

This report provides a further update to the Scrutiny committee on the savings proposals being proposed as part of the 2021/22 budget process and reflects any feedback from the November Scrutiny committees. The savings proposals will be considered by all six Scrutiny Committees for those areas within their remit, prior to going out to public consultation.

Recommendations

The Committee is asked to consider and make comments on the savings proposals identified prior to being considered by Executive on 20 January 2021.

The Executive is asked to endorse the proposals.

Wards Affected: All

| Manchester Strategy Outcomes | Summary of the Contribution to the Strategy |
|---|--|
| A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities | Providing the leadership and focus for the sustainable growth and transformation of the City's neighbourhoods and highways |
| A highly skilled city: world class and home-grown talent sustaining the city's economic success | Ensuring residents are connected to education and employment opportunities across the City. |

| | |
|--|---|
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Creating places where residents actively demonstrate the principles of Our Manchester through participation and take responsibility for themselves and their community whilst encouraging others to do the same, supported by strong and active community groups. |
| A liveable and low carbon city: a destination of choice to live, visit, work | Creating places where people want to live with good quality housing of different tenures and effective use of the highways network; clean, green, safe, healthy and inclusive neighbourhoods; a good social, economic, cultural offer and environmental infrastructure. |
| A connected city: world class infrastructure and connectivity to drive growth | Ensuring residents, neighbourhoods, businesses and goods connect to local, national and international markets. Through working with partners both internally and externally maximise the impact of the provision of new and enhanced physical and digital infrastructure. |

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

- Equal Opportunities
- Risk Management
- Legal Considerations

Financial Consequences Revenue

The savings proposals included within this report are proposed as part of the 2021/22 budget preparation work and will contribute towards ensuring that the Council can deliver a balanced budget.

Financial Consequences – Capital

There is already an approved capital investment programme for the Directorate, and some capital investment is required to assist in delivering some of the currently identified proposals included within 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.

Corporate Core Budget 2020/21 - Executive 12 February 2020

Corporate Core 2021/22 Budget Options – Executive 11 November 2020

1 Introduction

- 1.1 This report should be read in conjunction with the City Council budget covering report and sets out the budget reductions proposed to support the work required to deliver a balanced budget in 2021/22. As a result of additional demand for services and impact on the Council's income (as set out in the November reports to Executive and scrutiny committees) the Council is facing a significant budget gap for 2021/22 onwards. Funding announcements in the government's spending review on 25 November and provisional local government finance settlement on 17th December suggest the Council will not be facing the worst-case scenario for 2021/22, which was a shortfall of around £100m. It is now expected that savings in the region of £50m, as previously identified, will be sufficient to bridge next year's gap. The report of the Deputy Chief Executive and City Treasurer, also on today's agenda provides a more detailed update on the finance settlement.
- 1.2 Following on from the November Scrutiny Committees, all Directorates have continued to develop and work through the budget proposals, and this work has taken into consideration the feedback from the November meetings. Overall savings proposals from all Directorates total around c.£50m. Wherever possible consideration has been given to protecting front line services and to protect the capacity to support the recovery planning. Inevitably this means a larger proportion of savings falling on the Corporate Core which will have a significant impact on Core capacity at the time the Council most needs it.
- 1.3 To support the proposed reduction in staffing across the Core, a targeted voluntary efficiency scheme was opened up to staff, and this closed 11 December, there were 196 applications from across the Core, and these are currently being considered as part of each service areas proposed reductions, and decisions are expected mid January.
- 1.4 The report also includes those areas of service which are within the remit of Resources and Governance Scrutiny Committee but not within the Corporate Core, namely operational property, facilities management, the investment estate from Growth and Development, business units and Commercial operations from Neighbourhoods Directorate. Details of the proposals within these areas are set out in section 5 of this report.
- 1.5 Currently the Core has identified proposed budget reductions of £6.281m, and this requires a reduction of c.115.6ftes. As part of advance preparation for the proposed budget reductions and the need to reduce staff numbers, services have not been recruiting unless the post is essential and there are currently c.33 vacancies. Whilst it is forecast that total savings of c£50m will enable a balanced budget in 2021/22, it is anticipated that further cuts will be required in future years which will be subject to member approval as part of future budget process.
- 1.6 As part of identifying the proposed budget reductions consideration has been given to minimising the impact on other Council services and residents, although this is not always possible. The feedback from the earlier Scrutiny

meetings and Executive has also been taken into account. The key changes made to the initial options within the remit of this Committee are as follows:

- The reduction to the City Council contribution towards Discretionary Housing Payments will be £1m rather than the £1.5m initially proposed. A detailed report was provided to the December Scrutiny meeting that set out the levels of demand for this support and suggested a smaller reduction that would minimise the impact on residents. The £1m remaining contribution is in addition to the Government grant support of (£2.53m in 2020/21 and revised each year). Based on future allocations being broadly similar to this year, this will provide total DHP of c£3.5m available to support the most vulnerable residents. This is dependent on the level of Government grant remaining at 2020/21 levels
- Revenues and Benefits – concerns were also expressed about the levels of reduction within Housing Benefit and the Revenues services at a time when the services are under immense pressure from covid-19 related activity as well as seeing increasing demand in the regular activities. The service is currently undertaking the following activities within existing resources, Test and Trace Support Payments, discretionary grants to residents and a number of business rates grants and schemes that are expected to continue into the next financial year. The proposed cut has subsequently been reduced by £340k to protect core capacity in these areas, leaving proposed savings of £160k.
- Car Parking – The initial options included additional income of £4.5m from off street car parking, following the cessation of the joint venture and the bringing back in house of the car parks. Further works have been done to understand the operational costs of the car parks, and the original savings proposal of £4.5m has been revised down to £4.1m due to higher than anticipated costs.

2 Corporate Core Directorate Background and Context

2.1 The Corporate Core plays a key role in supporting the delivery of the Our Manchester Strategy and the eight Corporate Plan priorities providing specific support to other parts of the Council. This includes supporting relationships with a wider range of key partners across Manchester, Greater Manchester, nationally and internationally to deliver the Corporate Plan priorities and the wider vision for the city. Current areas include:

- Manchester's approach to place-based reform - Bringing Services Together for People in Places
- Integration of Health and Social Care through partnership arrangements with the NHS
- Delivery of the Local Industrial Strategy which will deliver inclusive and green growth for the City
- Delivery of Our Transformation - a new Council-wide portfolio of programmes which has been set up with a view to changing how we work

as an organisation to ensure we can deliver our corporate priorities and specifically ensure that we are a 'well managed council'.

- Continuing to ensure that the 'Our Manchester' approach is the way we do things here, rather than a thing we do
- Leadership for the Council's action plan to being zero carbon by 2038 at the latest, and support arrangements with partners to meet the city's ambition to live within the science-based carbon budget and be zero carbon by 2038 at the latest.

2.2 The Core also has a direct delivery role in delivering our Corporate Plan '**well managed council**' theme through providing effective support services such as Capital Programme Delivery, Communications, Financial Management, HROD, Legal Services, Policy, Performance and Reform and Innovation and Procurement.

2.3 The Core provides a range of important universal services to residents which include:

- Revenue and Benefits
- Customer Contact Centre
- Shared Service Centre
- Coroners
- Registrars

2.4 Finally, the Corporate Core has an important role in ensuring effective governance and assurance as well as supporting the Council's democratic role.

3 Corporate Core 2020/21 Budget Position

3.1 The Corporate Core has a net budget of £71.9m, with 1,823fte's employees. The breakdown by service area is provided in the table below:

Table 1: 2020/21 base budget

| Service Area | 2020/21 Gross Budget £'000 | 2020/21 Net Budget £'000 | 2020/21 Budgeted Posts (FTE) |
|-----------------------------------|---|---|---|
| Legal Services | 12,864 | 7,129 | 262 |
| Elections | 1,177 | 1,079 | 12 |
| Coroners & Registrars | 3,691 | 2,348 | 56 |
| Executive Office | 987 | 987 | 12 |
| Communications | 4,834 | 3,371 | 83 |
| CEX Corporate Items | 1,561 | 545 | - |
| Chief Executives Sub Total | 25,114 | 15,459 | 425 |
| Procurement & Commissioning | 1,710 | 1,414 | 32 |
| Commercial Governance | 332 | 259 | 6 |

| Service Area | 2020/21 Gross Budget £'000 | 2020/21 Net Budget £'000 | 2020/21 Budgeted Posts (FTE) |
|--|---|---|---|
| Revenue & Benefits | 212,465 | 9,856 | 345 |
| Financial Management | 5,898 | 5,532 | 150 |
| ICT | 13,796 | 13,746 | 161 |
| Human Resources & Organisational Development | 4,318 | 4,091 | 89 |
| Audit, Risk & Resilience | 1,906 | 1,483 | 43 |
| Shared Service Centre | 1,719 | 1,132 | 93 |
| Customer Services | 4,288 | 4,217 | 175 |
| Policy, Performance & Reform | 20,525 | 15,590 | 178 |
| Capital Programmes | 607 | (31) | 90 |
| Parking & Bus Lane Enforcement | 17,956 | (983) | 36 |
| Corporate Items | 299 | 226 | - |
| Corporate Services Sub Total | 285,819 | 56,532 | 1,398 |
| Corporate Core Grand Total | 310,933 | 71,991 | 1,823 |

- 3.2 The 2020/21 cash limit budget is £71,991m and this is net of the £3.449m savings that were approved as part of the 2020/21 budget process.

Current In year forecast Position at October 20 (Period 7)

- 3.3 As at October 2020 the Directorate was forecasting a net overspend of £1.824m, this includes COVID-19 related pressures of £5.377m, offset by in year savings and other mitigations of £3.553m. The costs include the increased costs for ICT to support more staff to work flexibly and in the Coroners Service. In addition, there is a reduction in sales, fees and charges income of £2.4m including £1m reduced capital fee income due to the slowing down of capital schemes. The remainder is from reduced registrars' income and reduced fee income in legal services and communications, a reduced take up of the annual leave purchase scheme and lower court fees in revenues and benefits.
- 3.4 The pressures are partly offset by forecast savings of £3.027m from holding additional vacancies in advance of the budget cuts and reduced running costs across all Core services.

4 Savings Proposals

- 4.1 Heads of Service reviewed all the budgets across the Core in order to identify savings and cuts proposals for consideration by members. These were reported to the November Scrutiny Meeting and include the work to review existing working practices in order to streamline and automate or increase the amount of self-service that can be undertaken. This includes looking at how services such as ICT, Finance, HR/OD and the Shared Service Centre can reduce the level of

resources through increasing triage support to managers on the back of improved ICT applications such as the new intranet. Good progress has been made with work already undertaken to improve ICT infrastructure resilience and capability, the migration to Microsoft 365 with increased collaboration functionality and the successful launch of the new intranet in November 2020. However, the real process improvements will not come until the replacement of SAP and the budget cuts will therefore lead to a real reduction in the level of support that can be provided.

- 4.2 Although the proposals set out in this report are around reduced City Council resources the impact on work with health partners will also need to be considered. As will the impact on the other Directorates in the council that will see a reduction of the capacity available to them, as well as the impact their planned changes will have on the Corporate Core.
- 4.3 The proposals identified from the Core as part of the wider £50m savings equate to **c£6.281m** with a **reduction of 115.6fte**. Further details on these proposals is set out in the paragraphs below.

Legal Services - £170k -3fte's

- 4.4 A review of business support has identified an opportunity to reduce administration and business support requirements with **initial savings of c£96k through a reduction of 3fte**.
- 4.5 Efficiency in operations through the increased use of single justice procedure for bulk prosecutions is expected to lead to further increases to external income. This alongside reductions of existing supplies and services budgets will deliver savings of **£49k in 2021/22, increasing by a further £25k 2022/23**.
- 4.6 As part of considering any further reductions to Legal Services the implications of the changes across all Directorates will need to be reviewed. The objective is to continue to restrict the use of external legal services in order to minimise costs to the Council as externalisation of legal work is more expensive than the in- house service. Further efficiencies will be delivered when a case management system is in place in 12 to 18 months' time and this will be factored into savings proposals for 2022/23.

Coroners and Registrars - £198k -7fte's

- 4.7 Following the successful introduction of the new Coroners case management system and resulting efficiencies it is proposed to reduce the current headcount by **7fte which will deliver savings of £198k**.

Executive Office -£15k

- 4.8 Savings of **£15k** have been identified as part of the initial proposals through reductions in supplies and services budgets, including reductions in travel costs due to the changes in working practices.

Communications - £300k – 4fte's

- 4.9 Strategic communications cover the communications and digital teams as well as commercial translations, presentations, design and print services (under the M-Four brand). To deliver savings in 2021/22, the service will need to stop some traditional activities where there is alternative provision. Service reductions and efficiencies **totalling £163k** are proposed. This includes providing council tax and business rate information booklets online only, as well reviewing all other commitments including spend on statutory notices. Other measures include a reduction in sponsorship and a move to second class mail only.
- 4.10 These measures will be supplemented by a reduction in **4fte posts (£137k)** from across the team which will reduce capacity within Communications.

Procurement & Commissioning and Commercial Governance - £158k -2fte's

- 4.11 The proposed cut will reduce the senior capacity available to support other Directorates in commissioning services and the delivery of procurement savings. They will be achieved through a reduction of 2fte saving £122k, along with increasing external income £28k from commercial arrangements undertaken by Manchester Professional Services Ltd providing company secretary functions and cutting supplies and services budgets by £8k.

Revenue and Benefits - £1.160m -5.5fte's

- 4.12 As part of reviewing proposals the objective has been to protect the core areas of assessment and revenue collection as far as possible. It should also be noted that the service is under increasing pressure due to the need to implement specific COVID-19 related support schemes across welfare payments and Council tax support schemes, Business Rates grants and payments to people who must self-isolate. In order to protect the capacity to maintain these services, it would be proposed that the implementation of these reductions is phased to avoid an unacceptable drop in service delivery and maintain revenue collection. Following the feedback from the last committee meeting and the continuing increased capacity demands on these services in administering COVID-19 related activity the initial proposed reductions of £0.506m which would have required a reduction of 16.5fte have been reduced by £340k to £160k which will require a reduction of 5.5fte.
- 4.13 Revenue and Benefits staff will continue to work closely with homeless staff in order to support individuals with applications for housing benefit as early as possible in order to ensure they receive maximum support and that financial support and budgets are maximised and managed effectively. This will include support in crisis as well as using discretionary budgets to maintain and sustain tenancies.
- 4.14 There are 2 current vacancies with Revenue and Benefits along with a number of vacancies within other services within the service area (parking and customer services) which the Director will look to fill or delete as appropriate which gives

some flexibility for delivering the staffing reductions. The nature of the roles means that there are significant transferable skills within the functional areas.

- 4.15 In addition it is proposed to **reduce existing discretionary housing payments budget by £1m**. This has reduced from the previous £1.5m proposed and a detailed report was taken to the December scrutiny meeting outlining the demand for this funding. The Government currently provide £2.538m grant support for discretionary housing payments, and it is proposed that City Council mainstream resource of £1m rather than the original £1.5m, that supplements the Government funding is withdrawn from 2021/22. Although there will still be a significant reduction on the available support to residents at a time when the demand for this support will potentially be increasing, it is anticipated that some of the impact will be mitigated because there have been temporary increases to the Local Housing Allowance Rates, that increases the level of benefit entitlement towards tenants rents, and the £20 increase in universal credit has also led to a reduction in the call on the DHP budgets and that the reduced level of the cut should enable demand to be met.
- 4.16 There have also been amendments in the benefit rules that changes how homeless families in dispersed accommodation are treated and this has also reduced the DHP spend in this area compared with previous years.

Shared Service Centre - £252k - 8.8fte

- 4.17 There will be a reduction of 8.8fte. and savings of £252k. These posts are already vacant, and this is formalising planned reductions within the service.

Customer Services - £0.614m -19.3fte

- 4.18 A different offer for how the Council provides help and advice to residents is being developed and there will be a separate consultation and engagement process for this. The offer will take into account Members views of the future service offer, and this will include ensuring that the revised offer must be accessible and meet the needs of all members of our communities including those affected by digital and financial exclusion. This new offer will move away from the current city centre based face to face offer with the capability to provide enhanced telephone services including those for residents with additional support needs, more support online and targeted one to one support in localities, but only where it is really required.
- 4.19 All staff in the CSC have been undertaking non-face to face roles during the period of the closure of the CSC in the Town Hall that has been closed since Mid-March. During this period new models and access channels have been developed and improved with more work to do in the months ahead including the development of an IT platform that will support the new approach. With the introduction of a new ICT platform and more remote/virtual working this will lead to a reduction **c16fte and save annual costs of c£0.538m**. There are currently 8 vacant posts within the team.

- 4.20 In addition, there will be a reduction **of 3fte for the Neighbourhood Services Contact Centre to save £76k**. Whilst this will impact on response times these posts are already vacant and this is formalising the current position. In order to avoid a detrimental impact on service delivery this is being aligned to the new telephony system and other system enhancements, but it could lead to a small increase in customer wait times.
- 4.21 As outlined above, these proposals were reported to the December Scrutiny meeting and an extensive programme of engagement is underway to shape the final offer.

Financial Management - £0.843m – 20fte

- 4.22 The number of posts will be cut by **20fte saving £0.8m**. This includes the disestablishment of 7 vacancies and a reduction in the support provided to services from across Financial Management. Services that provide direct support to residents, including Client Financial Services who safeguard residents' finances through the provision of appointeeship and deputyship services and the statutory welfare funerals service will not be reduced. Whilst the aim is to maintain some of the previous levels of service through introducing more automation, streamlining support provided to partner organisations and introducing more self-service, this does mean that Directorates will receive less support and there will be a reduction in the frequency of some of the monitoring activity. In addition to the staff reductions **£43k is proposed through the reduction of existing supplies and services budgets**, including training and travel along with increased income.

ICT - £1m – 10fte

- 4.23 There is a planned reduction of **10fte that will save c£400k**. The ICT Target Operating Model is being reviewed, and this has identified several areas that will need to change as the ICT Strategy is progressed. This will include a different Service Desk and Know It All offer that is more focussed on "get it right first time" and a different model for Service Delivery and Operations based on the skills that will be required to support the system changes being implemented, for example with the moves to Microsoft and Liquid Logic and the changes to ICT infrastructure and those that are planned such as the replacement of SAP. There are currently 10 vacancies within the service and there is a mismatch of current skills and those that will be required in the future that will need to be addressed once the target operating model is established.
- 4.24 There will be a **£200k reduction in telephony and printing costs** through rationalisation of the estate and changes to working practices with fewer devices across the estate. The telephony budgets will include both mobile devices, and desktop phones. Currently Directorates hold mobile telephony budgets, and this will need to be looked at across all Directorates.
- 4.25 It is also proposed to review all systems and infrastructure costs in order to identify opportunities to reduce and rationalise the numbers of systems in line

with the needs of the Council going forward. The savings from licence renewals are phased with **£100k in 2021/22 increasing to £400k in 2022/23**.

Human Resources - £0.543m – 13fte's

- 4.26 The cuts below are predicated on moving to a new operating model and having a more effective 'front door' service. The real efficiencies will only come with the replacement of existing systems, which is still 18-24 months away and there will be a reduction in the service that is offered. The changes involve a reduction **of 13fte**, and this will require a review of the existing service offer and target operating model.
- 4.27 It is recommended that the reductions in the support for service change and some delivery capacity are deferred for nine months to support the service reorganisations across the Council and the potential move to bring the ALMO back in house with five posts retained during that period to ensure that this work can be supported. This would require the £0.543m savings to be phased £306k 2021/22 and £237k in 2022/23.
- 4.28 In response to the pandemic and looking to identify additional opportunities for young people to access employment it is proposed that 28 trainees will be recruited as part of the Kickstart programme. The young people will be deployed across the Council. The funding for the scheme is based on paying the national living wage. It is proposed that they are paid the Manchester Living Wage which will require additional investment of c£50k. This funding is included within the proposed budget for the Corporate Core.

Audit, Risk and Resilience - £118k -3fte

- 4.29 There will be a reduction of 3fte across insurance, health and safety and internal audit. These will be met through a restructure which will include the removal of two existing vacancies.
- 4.30 There will be an impact on the scale of the audit plan and core risk management, resilience and safety work will require additional self-service from managers around claims investigation and safety competence within services.

Capital Programmes

- 4.31 Whilst services in this area are funded from the capital programme, work is being carried out to deliver savings. Due to the current construction market it has been possible to fill a higher number of technical roles which has reduced the reliance on external consultancy. In addition, there remain 17 vacancies within the team which will only be filled if they are required to deliver the future capital programme.

Policy, Performance and Reform - £0.910m – 20fte's

4.32 The proposals include a reduction of up to 20 posts across the service in addition to seven-time limited posts where the funding ends in this financial year. The reductions include the following:

- *City Policy* – the Policy and Partnerships and Resourcing and Programmes functions will be brought closer together to focus on thematic areas. The current proposals include the reduction of **4fte** from within the existing structure, in addition to savings from **non-staff budgets for consultancy and subscriptions, these total £270k**. The review will include a reappraisal of priorities to be agreed with Members in line with the Our Manchester Strategy reset and the Corporate Plan. The actual reduction in posts will be less if additional external funding is secured from ERDF.
- *Performance (PRI - Performance, Research and Intelligence)* – The service will be reduced from five teams into three which will focus on People, Core and Place. This will achieve a net reduction of **13fte and save c£0.5m**. As a result, there will be less capacity to carry out work for data governance, performance reporting for Directorates and bespoke research and analysis. The offer for health and social care will need to be reduced and aligned with resources from system partners. Until new system improvements are put in place with the ‘data integration layer’ and enhanced reporting that will come with Liquid Logic, the impact on what can be produced will be significant and will need to be agreed with Strategic Directors.
- *Reform and Innovation (R&I)* – The proposed savings include **3fte which will save £140k**. The impact will be the ending of the R&I support to Our Manchester Engagement work, a significant reduction in the governance and planning capacity and moving back to a core offer for health and social care.

5. Other Proposed savings within the Remit of Resources and Governance Committee

5.1 This section includes the proposed budget reductions for other service areas outside of the Corporate Core which form part of the remit for Resources and Governance Scrutiny Committee. The details are set out in the following paragraphs and are shown in a separate table at the end of this report.

Growth and Development

5.2 **Operational Property -£0.636m -1.4fte**, since March 2020 the Council have made huge progress with the flexible working agenda, and this has provided an opportunity to replan for a smaller, higher quality, lower cost and lower carbon estate. This will be delivered alongside the Future Council work and link in with the ICT strategy. The work is focussing on the use of office space rather than community-based assets. There will be a need for some limited capital investment on an invest to save basis to ensure space can be used more flexibly. The work will target reductions in leased buildings as well as looking at whether more space can be shared with partners to generate rental income. The £0.6m savings will be delivered over a four-year period.

- 5.3 In addition to the review of the estate it is proposed to reduce the headcount by 1.4fte and save £36k. This will be achieved through the deletion of 1.4 existing vacant posts.
- 5.4 **Facilities Management - £270k -10ftes** the service includes building cleaning, security and repairs and maintenance, of which cleaning is provided in house, whilst the other two contracts are external contracts. As part of the recent procurement exercise for security it was agreed that the contractor would undertake a review of all existing security arrangements after an initial period of operation. Unfortunately, because of the Covid-19 impact the contractor has not yet worked under usual business conditions. Work is ongoing to identify possible savings proposals although these will need to be balanced against the increased risk, and these will be considered as part of the 2022/23 budget options.
- 5.6 Currently there are **10 vacant positions** with Facilities Management, and it is proposed to delete these posts to achieve **savings of £270k**.
- 5.7 **Investment Estate - £0.675m** - this will be achieved through increased income from the following areas: -
- Review existing fees for surveyors and ensure projects are covering the appropriate fee costs - £75k
 - New ground rental portfolio to be secured against long leasehold disposal of land as part of Northern Gateway development - £300k (2023/24)
 - Maximising income generation or reducing expenditure on assets through increased partnership arrangements - £300k.
- 5.8 in addition a review of all commercial interests will be undertaken with a view to rationalising the estate through the identification of non-surplus generating assets which could then be sold to generate income and reduce ongoing costs.

Neighbourhoods Directorate

- 5.9 **Operations and Commissioning - £5.985m**, - In continuing to develop the commercial offer and seeking to maximise external income, proposals have been identified that could provide **income of c£5.985m**, although £225k of this will be only realised in 2022/23, this includes:
- 5.10 Advertising - The tenders for the small format advertising contract were received in September and the new contract goes live from January 2021. It is proposed that the income target will be increased by £1.3m per annum, following the award of the new contract.
- 5.11 Generation of a further £0.5m through advertising revenue. This will include A New large format site at Dawson St (£50k), and the introduction of a large new advertising screen in Piccadilly Gardens. The latter screen will be developed as part of the Piccadilly Gardens community scheme and could generate around £450k per annum. This will require planning permission and if planning approval

is granted there will be a lead time of around six months following planning approval.

- 5.12 The existing **off-street parking** joint venture ended 31st December 2020. The new arrangements are that the car parks are to be managed in house from January 2021 once the City Council takes on responsibility for the ongoing management and maintenance of the City Council car parks, this will be funded through the parking fee income generated through the use of the car parks. It is forecast that the net surplus income retained by the City Council will be £4.1m per annum, this does assume that parking levels return to normal during 2021/22.
- 5.13 **Bereavement Services** operate as a business unit with agreed charges linked to the service offer. An increase of 1.9% above inflation is proposed which will bring fees and charges in line with other local authority areas, and result in an additional £85k income per year.
- 5.14 City Council markets operate on a cost recovery basis, with the exception of Wythenshawe indoor market which continues to require financial subsidy from the Council. It is proposed to close the indoor market in order to remove the need for the annual £110k subsidy requirement. Work will progress to support the traders to access alternative sites, either in the outdoor market or elsewhere within the City. The outdoor market will remain operational

6 Workforce Implications

- 6.1 The proposals set out in this report will lead to the deletion of c.115.6fte posts in the Corporate Core, of which 33fte are vacant.
- 6.2 in order to support the workforce reductions a time limited targeted Voluntary efficiency scheme was opened, and this closed on 11 December, the total number of applications received was 196. All applications are currently being considered within each service area against the need for the savings proposed within this report and the final decisions will be made in mid-January 2021.
- 6.3 Consultations have started with Trades Unions on the MPeople processes to ensure that the Council does not lose the focus on providing support for our workforce to develop and progress and where relevant to reskill into different roles, with a view to focussing on giving excellent support to those at risk of redundancy in finding suitable alternative employment.

7. Equalities

- 7.1 We will continue to ensure that the Council meets its obligations under the Public Sector Equality Duty, building on our successes at fostering good relations between Manchester's communities of identity and maintaining fair and equal access to Council functions. Through ongoing customer monitoring, satisfaction and engagement approaches, we will strengthen and utilise our growing evidence bases within the Directorate to identify the differential experiences of individual identity groups in Manchester accessing Council

services, and proactively respond to make these as fair and equitable as possible.

- 7.2 Each of the proposals outlined, if taken forward, will need to consider the requirement and completion of an Equality Impact Assessment. The outcome of which will inform the future planning and delivery to ensure that no residents are disproportionately affected by the changes to services.

8. Conclusion

- 8.1 The Council continues to face a period of significant change and there are increased demands for services alongside the need to make budget cuts. Following the recent spending review and the additional one off funding the 2021/22 budget gap is forecast to be around £50m, which has reduced from the initial £105m reported in November. A programme of cuts of c£50m are required at this stage that can be implemented from 1 April to ensure a balanced budget can be achieved. The proposals put forward in this report set out the recommended proposals to achieving the £50m. The future council work is ongoing which will set out what sort of Council we want to be in the longer term, building on the feedback in the Our Manchester Strategy reset, considering the major changes the Council is facing and the fact that there will be less resources available in the future. This will also provide the framework for future budget decisions.

- 8.2 The Directorate budget proposals in this report have been refined following feedback from the November Scrutiny Committee.

9. Recommendations

- 9.1 The recommendations appear at the front of this report.

Appendix 1

| | Description of Saving | Type of Saving | RAG Deliverability | RAG Impact | 21/22 £000's | 22/23 £000's | 23/24 £000's | 24/25 £000's | Total £000's | FTE's |
|--|---|----------------|--------------------|------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------|
| Legal Services | Reduce staff resources - 3fte's | Efficiency | Green | Green | 96 | | | | 96 | 3 |
| | Increased income and reduced supplies and services | Efficiency | Green | Green | 49 | 25 | | | 74 | |
| Coroners & Registrars | Reduce staff resources - 7fte's | Reduction | Amber | Green | 198 | | | | 198 | 7 |
| Executive | Travel/subsistence expenses reductions | Efficiency | Green | Green | 15 | | | | 15 | |
| Communications | Reduce staff resources - 4fte's | Reduction | Amber | Amber | 137 | | | | 137 | 4 |
| | Reduce printing costs, increase recharges and postage | Efficiency | Green | Green | 163 | | | | 163 | |
| Procurement, Commissioning and Commercial Governance | Reduce staff resources - 2 vacant posts | Reduction | Green | Red | 122 | | | | 122 | 2 |
| | Increase income and reduce supplies and services | Reduction | Green | Amber | 36 | | | | 36 | |
| Revenues and Benefits | Reduce staff resources - 5.5fte | Reduction | Amber | Red | 160 | | | | 160 | 5.5 |
| | Reduce Discretionary Housing Payments | Reduction | Green | Red | 1000 | | | | 1000 | |
| Financial Management | Reduce staff resources - 20fte's, | Reduction | Amber | Amber | 843 | | | | 843 | 20 |

| | Description of Saving | Type of Saving | RAG Deliverability | RAG Impact | 21/22 £000's | 22/23 £000's | 23/24 £000's | 24/25 £000's | Total £000's | FTE's |
|---------------------------------------|---|----------------|--------------------|------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------|
| Resources and Governance Remit | | | | | | | | | | |
| Growth & Development | | | | | | | | | | |
| Operational Property | Reduce office costs through reduced estate | Efficiency | Green | Green | 610 | 591 | 304 | (905) | 600 | |
| | Reduce staff resources – 1.4fte's (Vacant) | Reduction | Green | Green | 36 | | | | 36 | 1.4 |
| Facilities Management | Reduce staff resources – 10fte's (Vacant) | Reduction | Green | Green | 270 | | | | 270 | 10 |
| Investment Estate | Revise Surveyors Fee Scales | Income | Green | Green | 75 | | | | 75 | |
| | Maximise income generation from assets | Income | Green | Green | 300 | | | | 300 | |
| | Increased ground rent -long leasehold | Income | Green | Amber | | | 300 | | 300 | |
| Neighbourhoods Directorate | | | | | | | | | | |
| Operations & Commissioning | Increased Income from small format contract | Income | Green | Green | 1300 | | | | 1300 | |
| | New Advertising screen – Piccadilly Gardens | Income | Red | Red | 225 | 225 | | | 450 | |

| | Description of Saving | Type of Saving | RAG Deliverability | RAG Impact | 21/22 £000's | 22/23 £000's | 23/24 £000's | 24/25 £000's | Total £000's | FTE's |
|---------------------------------|---|----------------|--------------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------|
| | Large Format Advertising screen – Dawson St | Income | Amber | Amber | 50 | | | | 50 | |
| | In House car park operation – Post JV | Income | Green | Green | 4,100 | | | | 4,100 | |
| Bereavements | Above inflationary price increase | Income | Green | Green | 85 | | | | 85 | |
| Other Directorates Total | | | | 7,051 | 816 | 604 | (905) | 7,566 | 11.4 | |