

Manchester City Council Report for Resolution

Report to: Resources and Governance Scrutiny Committee – 9 February 2021
Executive – 17 February 2021

Subject: Corporate Core Budget Report 2021/22

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

Summary

As a result of the COVID-19 Pandemic there has been additional demand for services and reductions to Council's income (as set out in the global monitoring report to Executive 17 Feb 2021). This left the Council 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 17 December mean the Council will not be facing the worst-case scenario for 2021/22, (which was a shortfall of around £100m). The government settlement assumes eligible Councils will increase Council Tax by 3%, for the Adult Social Care precept. After accounting for additional Adult Social care funding through both additional precepts and grant the revised savings proposals from all Directorates total £41m.

This report provides an updated Corporate Core 2021/22 budget and sets out the 2021/22 savings proposals which reflect any feedback from both the November and January Scrutiny committees. The report contains relevant content from the Council's overarching Business Plan report.

Recommendations

The Committee and the Executive are each invited to review and comment on the directorate budget report.

The Executive is recommended to approve these budget 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	Creating places where residents actively demonstrate the principles of Our Manchester

unlocking the potential of our communities	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 proposals set out in this report will be considered as part of the City Council preparation of the 2021/22 budget which will be submitted to the Executive on 17 February 2021.

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.

Contact Officers:

Name: Carol Culley
Position: Deputy Chief Executive & City Treasurer
Telephone: 0161 234 3406
Email: carol.culley@manchester.gov.uk

Name: Fiona Ledden
Position: City Solicitor
Telephone: 0161 234 3087
Email: Fiona.leddon@manchester.gov.uk

Name: Paul Hindle
Position: Head of Finance
Telephone: 0161 234 3025
E-mail: Paul.hindle@manchester.gov.uk

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
Corporate Core 2021/22 Budget Proposals – Executive 20 January 2021

1 Introduction

- 1.1 This report should be read in conjunction with the covering City Council budget report and sets out the budget reductions proposed to support the work required to deliver a balanced budget in 2021/22.
- 1.2 Following on from previous 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 two previous scrutiny committee meetings. Original Directorate savings proposals totalled c.£50m, but after accounting for additional Adult Social care funding through both additional precepts and grants the revised savings proposals from all Directorates total around c.£41m. Wherever possible consideration has been given to protecting front line services in order 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 Currently the Core has identified proposed budget reductions of £6.281m, and this requires a reduction of c.115.1ftes. 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.54 vacancies earmarked as contributing towards the overall reduction.
- 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 As part of identifying the proposed budget reductions consideration has been given to minimising the impact on both other Council services and residents, although this has not always been possible. The feedback from the earlier Scrutiny meetings and Executive has been taken into account in developing the proposed budget.

2 Strategic Context

- 2.1 The priorities for the Council for 2021/22 and beyond are framed in the Our Manchester Strategy which was recently reset with the updated Strategy forming the overarching document to the suite of budget reports.
- 2.2 Our Corporate Plan describes the Council's contribution over the next 2-3 years to delivering the Our Manchester Strategy 2015-2025. These priorities have been refreshed for 2021-22 to align with the reset of the Our Manchester Strategy and to further strengthen the Council and city-wide focus on the importance of Equality, Diversity and Inclusion. The plan also reflects the priorities for the Council's internal transformation that will support the delivery of future budget savings and managing pressures.

2.3 These budget proposals are aligned to our Corporate Plan to ensure the priorities will be achieved. Our Corporate Plan themes and revised priorities are set out in the table below:

Theme	Priority
<p>1. Zero carbon Manchester <i>Lead delivery of the target for Manchester to become a zero carbon city by 2038 at the latest, with the city's future emissions limited to 15 million tonnes of carbon dioxide</i></p>	<p>Support the citywide Climate Change Framework 2020-25 including the Council's roles in reducing citywide CO₂ emissions and improving air quality</p>
	<p>Deliver activities to reduce the Council's own direct CO₂ emissions by at least 50% by 2025, as set out in the Manchester Climate Change Action Plan 2020-25</p>
<p>2. Growth that benefits everyone <i>Boost the city's productivity and create a more inclusive economy that all residents participate in and benefit from, and contributing to reductions in family poverty, as set out in the Our Manchester Industrial Strategy</i></p>	<p>Deliver the Economic Recovery Plan, supporting the delivery of key growth schemes and the protection and creation of good-quality jobs for residents, enhancing skills, and effective pathways into those jobs. Includes support to Manchester's businesses and residents affected by challenges to the international, national and local economy.</p>
	<p>Facilitate economic growth and recovery in different sectors of the economy, which supports the creation of a more inclusive economy.</p>
	<p>Support residents in order to mitigate the impact of poverty and take actions to reduce the number of people experiencing poverty, in particular given the effects of COVID-19. Including young people, older people, BAME groups and people with disabilities</p>
<p>3. Young people <i>From day one, support Manchester's children to be safe, happy, healthy and successful, fulfilling their potential, and making sure they attend a school graded 'good' or better</i></p>	<p>All children to have access to a high-quality education, which is provided in an inclusive way. Children's school attendance to be achieved and sustained at or better than historic levels.</p>
	<p>Support more Manchester children to have the best possible start in life and be ready for school and adulthood. This includes ensuring that the voice of children and young people is heard, and that they have access to youth, play, leisure, and cultural opportunities.</p>
	<p>Reduce number of children needing a statutory service.</p>
<p>4. Healthy, cared-for people <i>Work with partners to enable people to be healthy and well. Support those who need it most, working with them to improve their lives</i></p>	<p>Take actions to improve population health outcomes and tackle health inequalities across the city.</p>
	<p>Support the next phase of health and social care integration in the city, including plans to supercharge Manchester Local Care Organisation.</p>
	<p>Enable delivery through the MLCO of the Adult Social Care transformation programme – 'Better Outcomes, Better Lives' – focused on taking a strengths-based approach, supporting independence, building on the ASC improvement programme and embedding this into the MLCO Operating Model.</p>

	Reduce the number of people becoming homeless and enable better housing and better outcomes for those who are homeless
5. Housing <i>Ensure delivery of the right mix of good-quality housing so that Mancunians have a good choice of quality homes</i>	Support delivery of significant new housing in the city, including through an effective recovery from COVID-19.
	Ensure inclusive access to housing by the provision of enough safe, secure and affordable homes for those on low and average incomes. This includes strategically joining up provision, and the improved service to residents enabled by direct control of Council owned housing in the north of the city.
6. Neighbourhoods <i>Work with our city's communities to create and maintain clean and vibrant neighbourhoods that Mancunians can be proud of</i>	Enable all our diverse neighbourhoods to be clean, safe and vibrant.
	Embed neighbourhood working across the whole Council and our partners, and deliver services closer to residents.
7. Connections <i>Connect Manchester people and places through good-quality roads, sustainable transport and better digital networks</i>	Improve public transport and highways, and make them more sustainable, whilst increasing walking and cycling.
	Facilitate the development of the city's digital infrastructure, to enable delivery of transformed public services and a more economically inclusive and resilient city.
8. Equality <i>Deliver on our equality, diversity, and inclusion commitments to support Manchester's vision to be a progressive and equitable city.</i>	Work together with Manchester's citizens and our partners to understand our diverse communities, improve life chances, and celebrate diversity.
	As an employer, ensure a fair and inclusive working environment which recognises, values and responds to the dynamics and opportunities of a diverse workforce.
9. Well-managed council <i>Support our people to be the best and make the most of our resources</i>	Development of the future shape of the Council, along with budget reductions and savings.
	Effectively manage our resources, via budget management and planning, support to managers and performance management.
	Carry out the work required to transform our Corporate Core.

2.4 The Corporate Core will have an important role to play in supporting the Council in some of the major changes that will need to be delivered next year. The next section of this report sets out the role of the Core and the priorities for next year.

3 Corporate Core Directorate Background and Context

3.1 The Corporate Core plays a key role in supporting the delivery of the Our Manchester Strategy and the nine 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.

3.2 The Corporate Core will have an important role to play in supporting the Council in some of the major changes that will need to be delivered next year. These include:

- Support the delivery of place-based working and reform, including through 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 - the 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.
- Delivery of the Housing Strategy and the supporting delivery of the recent decision to bring the ALMO back in house

3.3 The Core also has a lead 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 Procurement. The priorities in these areas include to:

- Complete the reset of the Our Manchester Strategy.
- Produce a balanced budget in 2021/22 reflecting Member priorities and the Our Manchester reset .
- Co-ordinate and lead Council support to the delivery of the Council's transformation programme.
- Deliver the ICT strategy, pipeline of key projects and technological enablers
- The provision of data and intelligence to services to enable them to manage performance and outcomes.
- Develop and implement a comprehensive organisational development plan that is owned by leaders in the Council.
- Champion co-production techniques and asset-based approaches to engage more effectively with residents, partners and staff.
- Adapt working environments to make efficient use of the space whilst creating an environment that supports agile working across our estate.
- Develop our existing workforce, including targeted development, so that fair representation at all levels is achieved.

- Deliver key projects including the refurbishment of Hammerstone Road, Gorton Hub, House of Sport and support to the Our Town Hall Project.
- Delivery of the Equalities Strategy and Race Review Action Plan
- Support the Council to deliver all nine corporate plan priorities
- Support the delivery of place-based working and reform through Bringing Services Together for People in Places.

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

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

3.5 The priorities for 2021/22 include:

- Provide effective support and assistance to residents affected by COVID-19, including handling enquiries relating to self-isolation payments.
- Provide high quality help and advice across a range of access channels and supported services, that recognise our residents' strengths and needs. If we cannot help, we will signpost people to the correct organisation.
- Provide the most cost-effective service and this means that where they can, residents should self-serve, via our website or by using modern technology.

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

4 Corporate Core Revenue Budget Strategy

4.1 The latest 2020/21 Corporate Core gross budget is £308m, with a net budget of £71.2m, with 1,810fte'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	13,056	7,129	267
Elections	1,178	1,079	12
Coroners & Registrars	3,691	2,348	53
Executive Office	987	987	13
Communications	4,834	3,371	82
CEX Corporate Items	1,561	545	-

Service Area	2020/21 Gross Budget £'000	2020/21 Net Budget £'000	2020/21 Budgeted Posts (FTE)
Chief Executives Sub Total	25,307	15,459	427
Procurement & Commissioning	1,710	1,414	32
Commercial Governance	332	259	6
Revenue & Benefits	212,386	9,856	324
Financial Management	5,901	5,532	152
ICT	13,791	13,746	161
Human Resources & Organisational Development	4,318	4,091	88
Audit, Risk & Resilience	1,906	1,483	44
Shared Service Centre	1,719	1,132	92
Customer Services	4,288	4,217	175
Policy, Performance & Reform	19,529	14,883	172
Capital Programmes	621	(31)	89
Parking & Bus Lane Enforcement	16,127	(983)	48
Corporate Items	299	226	-
Corporate Services Sub Total	282,927	55,825	1,383
Corporate Core Grand Total	308,234	71,284	1,810

- 4.2 The current 2020/21 cash limit budget is £71,284 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 December 20 (Period 9)

- 4.3 As at December 2020 the Directorate was forecasting a net overspend of £1.321m, this includes COVID-19 related pressures of £5.969m, offset by in year savings and other mitigations of £4.648m. The COVID-19 costs include the increased costs for ICT to support more staff to work flexibly and additional costs in the Coroners Service. In addition, there is a reduction in sales, fees and charges income of £2.4m including £0.7m 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.
- 4.4 The pressures are partly offset by £3.8m in year underspending from a combination of staff savings through vacant posts, staff turnover and also staff not being at top of grade, along with reduced running costs across all Core services. Within the employee savings there will be some posts that have been held in advance of needing to deliver the required staff reductions as part of the savings in 2021/22.

- 4.5 The subjective budget breakdown for the Corporate Core is provided at Appendix 1.
- 4.6 As set out above this report sets out a one year budget for 2021/22, however the longer term implications have been considered and these are considered in the Council's medium term financial planning.

Savings Proposals

- 4.7 Heads of Service reviewed all the budgets across the Core in order to identify savings and cuts proposals for consideration by members. These have been reported to the two previous scrutiny committees and the savings have been revised to reflect feedback from those Committees. The proposals do 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 be realised until the replacement of SAP and the savings included as part of the proposed budget will lead to a real reduction in the level of support that can be provided.
- 4.8 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.
- 4.9 The proposals identified from the Core as part of the wider c£41m savings equate to c£6.281m with a reduction of 115.1fte. Further details on these proposals is set out in the paragraphs below.

Legal Services - £170k -3fte's

- 4.10 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.
- 4.11 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.
- 4.12 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 -6.5fte's

- 4.13 Following the successful introduction of the new Coroners case management system and resulting efficiencies it is proposed to reduce the current headcount by 6.5fte which will deliver savings of £198k.

Executive Office -£15k

- 4.14 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

- 4.15 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 reviewing the costs of production of the council tax and business rate information booklets in order to lower overall costs, as well as reviewing all other commitments including spend on statutory notices. Other measures include a reduction in sponsorship and a move to second class mail only.
- 4.16 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

- 4.17 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

- 4.18 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.

- 4.19 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.
- 4.20 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.
- 4.21 It is proposed to reduce existing discretionary housing payments budget by £1m. This has reduced from the previous £1.5m 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 the City Council provides a further £2m. The City Council contribution will be reduced by £1m from 2021/22. It is anticipated that some of the impact will be mitigated due to the 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 which will minimise the impact of the cut. 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. Should there be a significant change in government policy, for example regarding LHA rates then the level of discretionary support provided will need to be reviewed.

Shared Service Centre - £252k - 8.8fte

- 4.22 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

- 4.23 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.

- 4.24 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.
- 4.25 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.
- 4.26 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

- 4.27 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

- 4.28 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.

- 4.29 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.
- 4.30 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

- 4.31 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.
- 4.32 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.

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

- 4.33 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.
- 4.34 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

- 4.35 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 14 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

- 4.36 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 restructured to achieve a net reduction of 10fte 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, 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.
 - Table 2 below is a summary table of the Corporate Core savings proposals broken down by service area and includes the FTE impact. Whilst table 3 shows the overall change in budgets broken down by service area

Other Budget Changes

- 4.37 Due to the impact of Covid-19 there are ongoing financial implications in terms of both increased costs, and loss of income. Whilst there are still many unknowns, and the risks continue to be monitored, and reported on there are some services whereby risks have been identified and the necessary budget adjustments have been made, these include:-

Coroners Service will have a backlog of Jury cases in 2021/22 and the forecast cost implications of these are £131k, this has been included in the budget for next year.

As part of planning for the May 2021 **Elections** additional costs will be incurred in order to ensure that the election is Covid secure, this will include

purchase of additional screens and enhanced cleaning. The estimated costs of this are c£113k and a one year budget increase is proposed to meet these costs.

- 4.38 Government have extended the support for any lost income through sales, fees and charges into quarter 1 of 2021/22 and based on the current forecast the overall support to the Corporate Core is likely to be c£0.939m. The largest loss will be in Revenue and Benefits (£480k) through the loss of summons income, other income losses include Communications £263k, Legal £80k, Registrars £82k and reduced annual leave purchase £34k.
- 4.39 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.

Table 2 - Summary of Corporate Core savings proposals broken down by service area

Service	Description of Saving	Type of Saving	21/22 £000's	22/23 £000's	Total £000's	FTE's
Legal Services	Reduce staff resources	Efficiency	(96)	0	(96)	3.0
	Increased income and other budget reductions	Efficiency	(49)	(25)	(74)	
Coroners & Registrars	Reduce staff resources	Reduction	(198)	0	(198)	6.5
Executive	Travel/ subsistence expenses reductions	Efficiency	(15)	0	(15)	
Comms	Reduce staff resources	Reduction	(137)	0	(137)	4.0
	Reduce printing costs, increase recharges and postage	Efficiency	(163)	0	(163)	
Procurement, Commissioning and Commercial Governance	Delete 2 vacant posts	Reduction	(122)	0	(122)	2.0
	Increase income and reduce	Reduction	(36)	0	(36)	

Service	Description of Saving	Type of Saving	21/22 £000's	22/23 £000's	Total £000's	FTE's
	supplies and services					
Revenues and Benefits	Reduce staff resources	Reduction	(160)	0	(160)	5.5
	Reduce Discretionary Housing Payments	Reduction	(1,000)	0	(1,000)	
Financial Management	Reduce staff resources	Reduction	(843)	0	(843)	20.0
ICT	Reduce staff resources	Reduction	(400)	0	(400)	10.0
	Savings on system running costs and telephony	Efficiency	(300)	(300)	(600)	
HR/OD	Reduce staff resources	Reduction	(306)	(237)	(543)	13.0
Audit	Reduce staff resources	Reduction	(118)	0	(118)	3.0
Shared Service Centre	Reduce staff resources	Reduction	(252)	0	(252)	8.8
Customer Services	Reduce staff resources	Reduction	(614)	0	(614)	19.3
City Policy	Reduce staff resources and special projects budget	Reduction	(270)	0	(270)	4.0
PRI	Reduce staff resources	Reduction	(500)	0	(500)	13.0
Reform & Innovation	Reduce staffing resource	Reduction	(140)	0	(140)	3.0
Corporate Core Totals			(5,719)	(562)	(6,281)	115.1

Table 3 - Overall change in budgets broken down by service area - Approved MTFP

Service	Description	21/22 £000's	22/23 £000's	23/24 £000's	Total	FTE's
Growth & Development						
Operational Property	Staffing Reduction	36			36	1.4
	Reduced Estate	610	591	(601)	600	
Facilities Management	Staffing Reduction	270			270	10

Service	Description	21/22 £000's	22/23 £000's	23/24 £000's	Total	FTE's
Investment Estate	Survey Fee Income	75			75	
	Ground Lease Income			300	300	
	Investment estate income	300			300	
Growth & Development		1,291	591	(301)	1,581	11.4
Neighbourhoods Service						
Commercial	Small Format Advertising	1,300			1,300	
	Piccadilly Gardens	225	225		450	
	Dawson St	50			50	
	Off Street Parking	4,100			4,100	
	Bereavement Services	85			85	
Neighbourhoods Total		5,760	225		5,985	

5. Scrutiny Arrangements

5.1 As part of supporting scrutiny committees with their roles all service areas from across the Council under the remit of each scrutiny panel have been included in one overall report. Therefore, 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 table 2 above.

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.

- 5.5 Currently there are 10 vacant positions with Facilities Management, and it is proposed to delete these posts to achieve savings of £270k.
- 5.6 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.
- 5.7 Alongside the above 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

- 5.8 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:
- 5.9 Advertising - The tenders for the small format advertising contract were received in September and the new contract went 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.
- 5.10 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.
- 5.11 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.

- 5.12 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.
- 5.13 City Council markets operate on a cost recovery basis, except for 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. Capital Strategy

- 6.1 The approved Corporate Core capital programme is detailed in the Council's Capital Strategy report, which is included in the suite of budget reports submitted to the Executive and Council. The Capital Strategy also includes details on potential future capital investment which has been identified, and which is expected to be brought forward in the medium term.
- 6.2 The revenue implications of any approved capital projects have been incorporated into the revenue budget. Before any of the potential investment priorities are approved, the revenue implications of the investment will be reviewed and agreed as part of the approval process.

7. Workforce Implications

- 7.1 The proposals set out in this report will lead to the deletion of c.115.1fte posts in the Corporate Core, of which c.54 are vacant.
- 7.2 To support the workforce reductions a time limited targeted Voluntary efficiency scheme was opened, and this closed on 11 December, based on the number of applications received, it is expected that the required reduction in staff will be achieved.
- 7.3 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.

8. Equality Diversity and Inclusion

- 8.1 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.

- 8.2 The Corporate Core is committed to understanding and addressing the effects and impacts of its activities for the diverse range of people using its services. To achieve this, we are committed to undertaking equality analysis of the proposed changed services to ensure they are accessible and inclusive, and do not cause adverse equality impacts. The Corporate Core will use the Council's Equality Impact framework to do this.

9. Risk Management.

- 9.1 The Corporate Core will seek to manage all expenditure within the approved budget and performance against budgets will be monitored and reported to members on a regular basis, this will include a risk register with any mitigations identified.

10. Legal

- 10.1 There are no legal implications arising from this report.

11. Consultation

- 11.1 A public consultation is currently underway asking residents for their views on the Council's 2021/22 budget savings options. The consultation opened on 20 January 2021 and runs for a period of four weeks, closing on 21 February 2021. In addition to promotion via the Council's website, social media channels and e-bulletins, a consultation toolkit has been shared with community partners, voluntary and community sector partners, Councillors and key stakeholders to ensure that the consultation is promoted widely within our communities.

- 11.2 The consultation can be found at www.manchester.gov.uk/budget. The results will be shared at the Budget Resource & Governance Scrutiny Committee on 1 March 2021.

12. Conclusion

- 12.1 The Council continues to face a period of significant change and there are increased demands for services alongside the need to make budget cuts. The budget strategy provides Members with details of the work that has been undertaken, and is ongoing within the Corporate Core to ensure we are able to continue providing quality effective services, whilst also contributing savings towards the wider council budgets.

- 12.2 The proposed revenue budget for 2021/22 is a one year budget which is aligned to both the Governments one year budget settlement and the Councils one year budget proposals
- 12.3 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.
- 12.4 The Directorate budget proposals in this report have been refined following feedback from both the November and January Scrutiny Committees. The report will be submitted to Scrutiny and Executive in February 2021.

13. Recommendations

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

Appendix 1 - Subjective analysis

Subjective Heading	2020/2021 Budget £'000	2021/2022 Indicative Budget £'000
Expenditure:		
Employees	76,149	72,037
Running Expenses	237,185	241,517
Capital Financing Costs	-	-
Contribution to reserves	10,501	10,219
Total Subjective Expenditure	323,835	323,773
Less:		
Other Internal sales	(15,601)	(15,601)
Gross Expenditure	(15,601)	(15,601)
Income:		
Government Grants	(184,309)	(184,322)
Contributions from Reserves	(3,619)	(9,229)
Other Grants Reimbursements and contributions	(5,036)	(5,041)
Customer and Client Receipts	(32,189)	(30,985)
Other Income	(11,797)	(11,797)
Total Net Budget	71,284	66,798