

Manchester City Council Report for Information

Report to: Resources and Governance Scrutiny Committee – 9 November 2021

Subject: An update on the delivery of savings approved in 2021/22

Report of: Deputy Chief Executive and City Treasurer

Purpose of Report

To provide an update on the delivery of savings that were identified for the 2021/22 Financial Year.

Recommendations

The Committee is asked to note the report

Wards Affected: All

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

The 2021/22 budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council's planning and budget proposals.

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	Whilst this has no direct implications for the Our Manchester Strategy outcomes a balanced budget is a pre-requisite to the provision of the council services that support the outcomes. Achievement of planned savings is a critical element to delivering a balanced budget in 2021/22.
A highly skilled city: world class and home grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	

A connected city: world class infrastructure and connectivity to drive growth	
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Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The report highlights that £38.876m (95.5%) of the £40.717m 2021/22 savings are expected to be achieved as planned, with the remaining £1.841m (4.5%) being mitigated in year through one-off measures. This shortfall is reflected in the overall 2021/22 monitoring position and a balanced budget is expected this year. The Medium-term budget position is more challenging, as covered elsewhere on the agenda.

Financial Consequences – Capital

None

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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.

1. Introduction

- 1.1 The 2021/22 budget approved by Council included approved savings of £40.717m in 2021/22 across 86 initiatives, increasing to £47.704m by 2024/25.
- 1.2 The details are included in the directorate budget reports considered by February 2021 scrutiny committees and listed in Appendix 1. The summary position by directorate is shown below.

Table 1: Savings Proposals

	Amount of savings proposals					Indicative FTE reduction
	2021/22	2022/23	2023/24	2024/25	Total	
	£000	£000	£000	£000	£000	
Adults Services	11,597	3,326	3,477	0	18,400	0.0
Children Services	12,359	(152)	(1,309)	100	10,998	14.0
Homelessness	2,335	0	0	0	2,335	7.0
Neighbourhoods (Incl. Highways)	6,683	493	100	100	7,376	2.0
Growth and Development	1,108	0	300	0	1,408	11.0
Corporate Core	6,635	1,153	304	(905)	7,187	127.0
Total Savings Options	40,717	4,820	2,872	(705)	47,704	161.0

2. Current position

- 2.1 The table below shows the achievability risk breakdown of the total savings of £40.717m. As at the end of September £1.841m (4.5%) is considered high risk, £4.365m (10.7%) medium risk and the remainder low risk or achieved.
- 2.2 Of the high-risk savings £1.580m is expected to be achieved as planned next year. The remaining £261k (car park income) is no longer considered achievable as planned and subject to further investigative work. These have been mitigated during 2021/22 through one-off measures. Directorates will replace any unachievable savings on a recurrent basis with alternative options to be considered as part of the 2022/23 budget setting process.

Table Two: Forecast 2020/21 Savings achievement at September 2021

	Savings Target 2021/22			
	Green	Amber	Red	Total
	£000	£000	£000	£000
Children's Services	10,779	0	1,580	12,359
Adults and Social Care	10,597	1,000	0	11,597
Neighbourhoods Directorate				
4,241	2,181	261	6,683	
Homelessness	2,335	0	0	2,335
Growth and Development				
840	268	0	1,108	
Corporate Core	5,719	916	0	6,635
Total Budget Savings	34,511	4,365	1,841	40,717
%	84.8%	10.7%	4.5%	100.0%

Table Three: Forecast impact in 2022/23

	2021/22 savings - Impact in 2022/23			
	Achieved as planned (Green & Amber)	Not achievable		Total
		New proposal identified (Red)	New proposal to be identified (Red)	
	£000	£000	£000	
Children's Services	10,779	1,580	0	12,359
Adults and Social Care	11,597	0	0	11,597
Neighbourhoods Directorate				
6,422	0	261	6,683	
Homelessness	2,335	0	0	2,335
Growth and Development				
1,108	0	0	1,108	
Corporate Core	6,635	0	0	6,635
Total Budget Savings	38,876	1,580	261	40,717
%	95.5%	3.9%	0.6%	100.0%

2.3 The position in each directorate is set out in the following paragraphs.

Children's services - Savings target of £12.359m

2.4 Of the £12.359m savings target, £10.779m (87.2%) has been or is forecast to be achieved. There is significant risk in realising savings of £1.580m (12.8%) which is being mitigated by underspends this year. The high risk savings are:

- Leaving care (£1.003m) due to a delay in registered provider's provision. This is expected to be achieved once provision is delivered which is scheduled for November 2021 onwards. This saving is partially achieved this year (£0.764m) and is expected to be achieved in full next year.
- Manchester City Council (MCC) and Manchester Health and Care

Commissioning (MHCC) have a joint and consistent decision-making process for allocating resources to meet the complex care needs of children and young people in a transparent, fair and equitable manner. The multi agency agreed placements saving of £1m has been partially achieved in 2021/22 (£423k) with £0.577m at high risk. All efforts will be made to achieve the £1m saving in full next year as the process for allocation of resources with partners is operational.

- 2.5 The shortfall in the savings is being mitigated from Looked After Placement underspends.

Adults and Social Care - Savings target of £11.597m

- 2.6 Adults Services and Social Care is delivered in partnership with the NHS through the Manchester Local Care Organisation (MLCO). Of the £11.597m initial target, £5.5m was achieved through system support via the application of the Adult Social Care grant funding, which will be mainstreamed through the spending review and local government funding settlement.

- 2.7 The balance of £6.097m was to be achieved through the Better Outcomes, Better Lives (BOBL) transformation programme. It is expected that £5.097m of this saving will be achieved across older peoples and physical disability services via the strengths-based assessment work and reduced client numbers overall.

- 2.8 The remaining £1m (8.6%) savings target is in relation to learning disability packages, where the service is facing challenges in recruiting suitably qualified staff to undertake the required strength based assessments. The savings are still expected to be delivered and will be achieved in 2022/23. The impact in 2021/22 has been mitigated by underspends across the Adult Social Care service, which is forecast to underspend, as a whole, by £3m this financial year.

Neighbourhoods - Savings target of £6.683m

- 2.9 £4.241m (63.5%) of savings will be achieved as planned by year end, and a further £2.181m (32.6%) of savings have been delayed because of COVID-19 impact.

- 2.10 The high-risk savings in Neighbourhoods total £261k (3.9%) and this relates to the off street car parking season ticket income which is not expected to be achieved going forward due to the likely increased number of people working from home for part of the week, and therefore not committing to an annual season ticket. Further details on all the amber and red savings are set out below.

- 2.11 As part of 2021/22 budget process savings of £450k was approved in respect of a proposed new advertising screen at Piccadilly Gardens, the savings were phased over 2021/22 and 2022/23 linked to work required to implement the new screen. £275k savings was set for 2021/22 and is considered at moderate

risk of being achieved this year. Discussions are ongoing with both the Events team and City Centre Regeneration around plans for the area and how a screen can potentially be integrated in the short term. Once agreed a planning application will be required, it is expected that this saving will be achieved in 2022/23.

- 2.12 The provision of off street car-parking reverted to the City Council with effect from 1 January 2021. The car parking income was forecast at £12m per year. This is used to fund the management and maintenance of the car parks and provide a net saving of £4.1m per annum.
- 2.13 The savings were predicated on car park usage returning to pre COVID levels, provision was made to allow for lower than forecast quarter 1 car park income, but budget forecasts did assume the usage would continue to increase through to September, by which time it was anticipated we would be back to normal usage. Whilst car park usage has seen a steady month on month increase in quarter 2, it has not yet returned to pre COVID levels and appears to have levelled off from September onwards. The lower usage is largely due to the continued reduction in commuter usage as commuters are not coming into the office 5 days per week.
- 2.14 Whilst the key challenge will be around increasing the numbers of annual season tickets that are purchased due to the likely ongoing changes in the working arrangements for individuals, it is anticipated that general day to day usage will increase from Spring next year as more commuters return to City Centre offices. The overall reduction is forecast to be c£2.167m and of this £261k relates to season tickets and is rated red because it is not expected to return, whilst c£1.906m is in relation to ongoing reduced usage and it is anticipated this will return in quarter 1 of 2022/23. To support this, work is ongoing to look at options around increasing users including increased marketing and looking at options that could lead to identification of alternative users such as tourists and hotel users.

Homelessness - Savings target of £2.335m

- 2.15 All Homelessness savings targets have been or are forecast to be achieved by year end.
- 2.16 £1.4m - Initial indications were that the annual cost of provision for providing accommodation for those previously sleeping rough in response to COVID-19 and 'Everyone In' is £7m. However, the Directorate are working with partners to confirm the expected provision beyond March 2021 which recognised the longer term needs of those who were sleeping rough and recognised their longer-term accommodation needs. Therefore, current provision has been maintained at £1.4m below the original estimate of £7m as rough sleepers were moved out of temporary hotel accommodation and into more permanent accommodation ensuring residents do not return to the streets.
- 2.17 £0.621m - Discussions with housing providers as part of the budget process centred around maintaining current service delivery as far as possible with

improved outcomes. £0.621m investment funding linked to the Rough Sleepers COVID-19 response was repurposed to support the Housing Related Support Complex Pathway provision as move on from hotel accommodation, retaining the services which deliver the greatest value for money for Homelessness. Funding via the investment avoids the need to close some schemes which would have impacted significantly on service delivery and therefore protects accommodation schemes, resettlement and other support services.

- 2.18 £66k - A review of the Homelessness Commissioned budgets identified £66k of budget reductions which were implemented without impacting on the number of bed spaces available and had minimal impact on service delivery.
- 2.19 £89k - As part of 2020/21 budget setting, funding was assigned for 3 FTE grade 10 posts to lead on the service redesign. These posts were removed as part of the 2021/22 budget setting process, as the posts were proposed as 18-month posts so reduction in posts would deliver £89k of savings in 2021/22.
- 2.20 £159k - As part of the service redesign 4 FTE posts were removed from the structure.

Growth and Development - Savings target of £1.108m

- 2.21 £0.840m (75.8%) of the approved savings will be achieved by year end, there a further £268k (24.2%) that will not be delivered in this financial year but have been mitigated in year by alternative savings.
- 2.22 The approved savings for Work and Skills (£150k), Housing and Residential Growth (£190k) and additional Investment Estate Income (£300k) are all on track to be achieved in line with the original savings proposals.
- 2.23 Staff savings of £393k were approved from within the Planning and Building service, it was recognised that there was a redesign being undertaken in order to provide a fit for the future structure with built in career paths and succession planning for the service. This is almost complete and although the savings have been mitigated this year through ongoing vacancies the long-term staff savings following the redesign are expected to be c£200k. This leaves unachieved savings of c£193k and officers are looking at alternative savings options to mitigate this in 2022/23 onwards, the options will be brought forward as part of the 2022/23 budget process.
- 2.24 As part of the investment estate proposals additional income of £75k was to be realised from increased fee income; due to COVID-19 the fees have not yet been increased and remain at the original levels, and the service is offsetting the forgone income by other cost reductions within the service. The service has now commenced a review of surveyor's fee levels and expect to implement the required changes by the end of January 2022 in order that the full saving can be achieved in 2022/23.

Corporate Core - Savings target of £6.635m

- 2.25 Of the £6.635m savings target £5.719m (86.2%) will be fully achieved in 2021/22. The majority of these were workforce savings with the deletion of 116 FTE posts. Savings of £0.916m (13.8%) have not been achieved as originally planned in the current year but mitigated through alternative savings, but work is ongoing to ensure they are achieved in 2022/23.
- 2.26 Net savings of £0.610m were approved in respect of reduced office costs as part of reviewing the estate requirements linked to the Town Hall redevelopment. Some of the savings were only temporary and the initial £0.610m saving for 2021/22 has not been achieved because the operation of a planned lease break was not actioned in 2021/22 and the building is still in use. This will be achieved when the city centre lease ends in October 2022. The initial £0.610m is expected to be achieved in 2022/23, and there is a further £0.5m additional savings for 2022/23. Whilst office closures are not expected to achieve the whole £1.1m in 2022/23 officers are looking at options for mitigating any unachieved savings in 2022/23 and this will be considered as part of the 2022/23 budget process.
- 2.27 £306k relates to staffing reductions in HR/OD. This has been mitigated in this financial year through ongoing vacancies. The service is continuing to work through their restructure to ensure the structure meets the service needs, and this is mindful of the need to deliver with a reduced overall number of posts. It is expected this saving will be achieved in 2022/23 once the new structure is implemented.

3. Conclusion

- 3.1 The in year savings target for 2021/22 was set at £40.717m. £34.511m (84.8%) of savings are expected to be achieved as planned.
- 3.2 £4.365m (10.7%) of savings are rated as at moderate risk of being achieved and £1.841m (4.5%) at high risk. All unachieved savings are being mitigated in year.
- 3.3 The shortfall is reflected in the overall 2021/22 monitoring position at the end of September and a balanced budget is expected this year. The longer term impacts is being picked up as part of the 2022/23 budget setting process, and revisions will be subject to reporting through scrutiny committees and Executive approval.