

Manchester City Council Report for Information

Report to: Resource and Governance Scrutiny – 8 February 2024
Executive – 14 February 2024

Subject: Corporate Core Budget Proposals 2024/25

Report of: Deputy Chief Executive and City Treasurer

Summary

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

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

This report provides a further update to members on the priorities for the Corporate Core Directorate and details the changes to the initial revenue budget options proposed by officers in November 2023. Each scrutiny committee has been invited to consider the proposed budget changes that are within their remit and to make recommendations to the Executive as part of the budget process.

Recommendations

The Committee is recommended to: -

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

The Executive is recommended to approve these budget proposals.

Wards Affected: All

Environmental Impact Assessment - the impact of the issues addressed in this report on achieving the zero-carbon target for the city	The budget reflects the fact that the Council has declared a climate emergency by making carbon reduction a key consideration in the Council’s planning and budget proposals.
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Equality, Diversity and Inclusion - the impact of the issues addressed in this report in meeting our Public Sector Equality Duty and broader equality commitments	Consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and an Anti-Poverty Assessment.
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Manchester Strategy outcomes	Summary of how this report aligns to the OMS/Contribution to the Strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	The effective use of resources underpins the Council's activities in support of its strategic priorities as set out in the Corporate Plan which is underpinned by the Our Manchester Strategy.
A highly skilled city: world class and home-grown talent sustaining the city's economic success	
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	
A liveable and low carbon city: a destination of choice to live, visit, work	
A connected city: world class infrastructure and connectivity to drive growth	

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

The changes included within this report will, subject to Member comments and consultation, be included in the final 2024/25 revenue budget set by Council on 1 March 2024.

Financial Consequences – Capital

None directly arising from this report.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

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

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

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

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

1. Corporate Core - Service Overview and priorities

- 1.1. This report sets out an overview of the services within the remit of this scrutiny committee and their key priorities. It also contains the updated cuts and savings and investment proposals based on the latest overall budget position.
- 1.2. The Corporate Core is made up of Chief Executives and Corporate ^[OBJ] Services and has a gross budget of c. £333m and a net budget of c. £109m. The Directorate employs 2,067 fte. The 2023/24 base budget and fte numbers are shown broken down by service area in the table below.

Table One: Base budget 2023/24

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

The above budgets include:-

- Revenue and Benefits £179.1880m subsidy support to cover costs of Housing Benefit and rent rebates to Manchester residents, £2.646m discretionary housing support and £1.3m welfare provision

- City Policy £4.844m support to voluntary organisations and £6.261m support to culture and other projects
- ICT £8.846m hardware, software, maintenance, and licence costs
- Operational property £22.383m for premises costs

1.3. The Corporate Core has the following functions:

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

1.4. 2024/25 will remain a busy year for the Corporate Core. Some of the priorities and changes for next year include:-

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

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

- Resident and Business Digital Customer Experience (RBDXP) - to significantly improve how residents, businesses and councillors interact with the council. Following procurement of the new technology and implementation partner in 2023 work has been progressing well with implementation and it is expected that parts of the new system will go live in March 2024. Once complete, phase one is estimated to achieve a

- further 20% channel shift, by moving c295k of non-digital contacts to digital.
- Digital Data and Insights - to implement new back-office digital technology and process changes required for the council to work smarter and more efficiently. The MCC ICT and Digital Strategy was approved by Executive in October 2022 and is accompanied by a Technology Roadmap. The new Target Operating Model for ICT is being completed with an implementation timeline during 2024.
 - Ensuring the Council has an effective Corporate Core - Improving internal interactions with core services, focusing on self-serve, centres of excellence and collaboration. This includes the replacement of the core ERP system (SAP). The procurement decision for the new ERP system is due in February 2024 to be implemented in 2025/26.
 - Ensuring our workforce can thrive in the workplace with the right tools, skills and support; offices are hubs of activity, collaboration and productivity with a strong connection to the place and communities they are in.

Service budget and proposed changes

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

Future Shape and Transformation Programme

- 1.8. As part of the Future Shape programme an initial benefits realisation programme was agreed in 2023/24 with an ambition to deliver almost £5m of savings over a five-year period, of which £2.339m is set out at Appendix 1 and programmed for delivery over the next three years 2024/25 - 2026/27. These include: -
- 1.9. An initial £200k from Customer Services in 2025/26 and a further £450k in 2026/27 onwards from the anticipated 20% shift to digital channels through the new customer offer and RBDXP programme. Phase Two will deliver further saving/efficiencies as additional services outside of the customer contact centre are transitioned to the new digital platform. It remains too early to accurately quantify total savings from this programme over both phases. The aim is to achieve up to £1.5m p.a. through the further rationalisation of systems as more services and systems are delivered through the new digital platform. To deliver this a small core digital team will be required, and the costs were included in the initial business case and will be paid for through the longer-term savings.
- 1.10. The changes being delivered through the ICT Strategy and Technology Roadmap include a programme of savings and efficiencies including:

- Review and rationalisation of printers across the estate
 - Energy savings through putting unused machines to sleep.
 - Strict inventory control and reducing the number of mobile phones etc.
 - Rationalisation of software applications where possible and hardware with the move to the cloud.
- 1.11. These proposals are estimated to achieve £259k over the next three-year period with £50k in 2024/25.
- 1.12. Benefits from the replacement of the current Finance and HR system, which is scheduled for go live in 2025/26 includes total savings of £0.865m over the three year period with an initial £250k in 2024/25.
- 1.13. In addition to the approved future shape programme other savings were identified and approved as part of the 2023/24 budget process. These total £395k with £205k in 2024/25. The savings include additional income, reduced mailroom costs, reduced grants to football museum and other housekeeping savings.

Support For Residents

- 1.14. Investment of £5.55m was approved in 2023/24 to provide additional ongoing capacity to support residents in response to the cost of living crisis.
- 1.15. Evidence shows that there are over 100,000 households in Manchester, which struggle with cost-of-living pressures. In response, the Council reinstated the Residents at Risk group in October 2022. The group brings together MCC services and health partners to support our residents and neighbourhoods who need it most. Underpinned by the Cost of Living Advice Line (freephone & online), the offer includes financial support and advice, community food response, support for VCSE organisations to increase their resilience and capacity, targeted support for communities experiencing the most adverse impacts, neighbourhood response with events targeted at priority wards, warm spaces, work with schools and digital inclusion.
- 1.16. Of the £5.55m investment, £3.55m was providing direct support to residents, this is ongoing, and officers have undertaken work to consider how to most effectively target resources to provide the support most needed by residents, whilst starting to achieve the shift towards tackling health inequalities. This has made extremely difficult by the loss of Household Support Funding, which is likely to lead to an increased demand for council funded support. A report was taken to RAGOS in January 2025 on Anti Poverty Budget Options and the recommendations in that report have been incorporated into the below.

Table two: Cost of Living Budget allocations

	2023/24 Allocations £000's	Proposed 2024/25 Allocations £000's	Comments
Food Response	1,200	1,300	Working with Community Food partnership and purchasing ambient food stock for access by food providers
Local Welfare Provision	650	0	Additional funding for the Local Welfare Provision scheme. The funding helps cover essential costs for households, including one off crisis payments, basic white goods and furniture for residents moving from temporary accommodation. These costs will now be funded from the existing mainstream budgets.
Discretionary Housing Payments	500	400	The primary aim is to support people in their own tenancies and to help prevent people becoming homeless.
Community Health Equity for Manchester (CHEM)	250	250	To support Communities experiencing racial inequality and other inequalities more likely to be impacted by the cost-of-living crisis.
Support to VSCE	600	700	To increase the capacity of the VSCE sector to respond to the cost of living crisis in the wards most affected and citywide.
Expand advice and debt offer	250	100	Expand the advice and debt support offer across the City.
Other	100	307	Includes additional communication and engagement for residents and support to increase digital inclusion.
Carers Leavers support payment		208	To provide £10 per week to a growing cohort of c400 care

			leavers. This was previously funded as part of HSF.
Holiday Activity Fund (HAF)		285	This is to compliment the £4.1m government funding to enable activities to take place in half terms and well as the main school holidays. This was previously funded as part of HSF.
	3,550	3,550	

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

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

Other flexibilities include:

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

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

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

1.21. These flexibilities have been widely welcomed by advice agencies in the city, but the original intention was that the more generous approach to DCTP and the withdrawal of summons costs would last until March 2024. However, it is because of the popularity with the third sector, who have recognised the benefits to residents, and the flexibility this gives to staff in the Council Tax Service and the Customer Service Organisation to support people struggling to

pay their Council Tax, this approach will continue beyond April 2024 to ensure that all of the £1 million is spent supporting Manchester residents. The additional costs from the additional support measures will be met from carrying forward the underspend from 2023/24 and the balance of the £1m allocated to fund the changes to the CTSS.

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

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

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

1.24 Following representations from ACORN and Debt Justice, the Council has now stopped referring accounts to Enforcement Agent companies where they are in receipt of partial CTS. Previously it was only cases where residents were in receipt of maximum CTS that were not referred.

1.25 The council are also working to ensure that Enforcement Agents are not used for those entitled to, but not in receipt of CTS. Where a claim has been received If a claim is in progress then this can be easily resolved. However, if someone is entitled to CTS but has not submitted an application, the council would not know. The resident would need to demonstrate entitlement to the EA who should return the account to the Council. Unfortunately, the information to determine eligibility for CTS is not held by the council when the resident is in receipt of UC and they need to make a separate claim.

1.26 The Household Support Fund (HSF) scheme was introduced by Government in response to the cost of living crisis in September 2021, and in 2023/24 the Council have received Government Grant of £12.9m through the HSF. This has provided direct support to the most vulnerable residents in the form of cash grants and free school meals. The HSF4 funding was operating alongside the additional £3.5m Council investment (See para 9.18) into providing cost of living support to Manchester residents.

- 1.27 It has not been confirmed if the HSF will continue for 2024/25 and no announcements have been made to suggest it will. The last window to announce this will be the Chancellors Budget in March 2024. If there is no further funding the Council will be unable to continue with the scheme into 2024/25.
- 1.28 Should further Government Funding be announced that replaces or continues with the HSF there are identified priorities for funding the Anti Poverty Strategy and Making Manchester Fairer that could be brought forward.

2. New Savings Proposals

2.1 In addition to the already approved savings and in recognition of the work required to balance the overall council budget, further options for savings have been developed, and the areas considered include the following.

- Review of workforce structures and capacity alongside taking a realistic view on the ability to fill longstanding vacancies.
- Review all income generation from sales, fees and charges and whether there are opportunities to increase charges in line with inflation and increase income.
- Review all savings proposals that have not been taken forward as part of the 2023/24 budget process.

2.2 The measures proposed are set out below: -

- Additional income of £130k:
 - £50k from increased vehicle clamping income.
 - £80k from increased registrars income following the price increase that was introduced during 2023/24 which aligned Manchester registrars fee levels with that of other Core Cities.

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

2.4 The continued challenges in filling posts also means that the council is continuing to work on ensuring we are seen as an employer of choice.

3. Growth and Pressures 2024-27

Growth Approved 2023/2024

3.1 As part of the 2023/24 budget approvals budget growth of £0.783m was approved for 2024/25 and this was in respect of: -

- 3.2 As part of the original end user device strategy in 2020 it was agreed that a regular refresh programme of ICT equipment would be undertaken, and an annual budget of £0.75m was approved from 2024 as part of the 2023/24 budget to support the ongoing costs of the refresh programme.
- 3.3 £33k growth was also agreed to offset pressures in HROD £23k due to reduced school income for payroll services, and £10k in financial management to cover increased costs of Civica Pay licences.

Proposed Growth 2024/2027

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

ICT Investment

- 3.5 The report to November RAGOS set out the proposed additional investment of £2m for ICT investment and a further £1.5m to support the operating model, with a fuller update to be included as part of the February Budget Report. The below provides further information on the required investment.

The ICT and Digital Strategy has been approved by Executive and outlines the vision for how the Council wants to work in a digitally enabled way. The main objectives are to:

- Action the ambition to be a Digital-first and Cloud-first organisation
 - Align to the Council's wider Digital Strategy and other MCC strategies, developing cross cutting initiatives e.g., data management policy; carbon reduction ambition.
 - Move ICT provision from a traditional transactional service to a more strategic and influencing focused service.
 - Deliver secure, stable, and compliant operational services
 - Innovate and influence new ways of working through exploitation of modern technology
- 3.6 Historically the condition of the infrastructure and investment profile over the preceding years meant that the ICT investment strategy was focused on getting the basics in place - infrastructure, resilience, core platform upgrades and cyber security and disaster recovery. The ICT and Digital Strategy will continue this critical work but also look to focus on helping the Council become more digitally focused, innovative, data-led and cloud native. Alongside this has been the programme to replace some of the Council's major legacy systems which are no longer fit for purpose and reaching end of life. An example is the replacement of the Customer Relationship Management System which is due to go live at the end of the financial year and the recent contract award for the replacement for the current SAP system operates the finance, HR and payroll functions.

- 3.7 ICT projects have been historically funded through capital (with some revenue funding required where there is no 'asset' created). The average annual investment has been approximately £7.4m a year. With the change to cloud first, and software as a service (SaaS), ICT & Digital projects are fundamentally moving away from capital investments where a physical asset is created and hosted on site, to becoming a cloud-based subscription and licensed solution which are externally hosted. This means that they have to be funded from the revenue budget. The current approved investment programme for ICT in 2024/25 is c£15m. The ongoing pressures on the revenue budget mean that the level of investment is having to be reviewed with an initial £2m investment in 2024 and an increase of £2m per year in subsequent years. This investment will need to cover costs of both implementing the required changes, and the additional subscription costs from introducing cloud-hosted solutions.
- 3.8 As the amount of funding available to support new projects and programmes is changing, it is critical that ICT works with Service areas to plan and prioritise the pipeline of change activity over the next few years. The Digital Design Authority, with the Executive Member for ICT attending, will continue to form an important part of this governance.
- 3.9 ICT remain committed to supporting the Council to achieve its ambitions. The future priorities include:
- Delivering an improved service to our residents and businesses through the implementation of a new Customer relationship Management (CRM) system and website through the Resident and Business Digital Experience Programme.
 - The replacement of the council's main Finance, Procurement and Human Resources system (SAP).
 - Putting the foundations in place to transition to a hybrid cloud approach that will see a migration of services to the cloud to reduce costs and improve resilience.
 - Further embedding the systems and processes from the old Northwards Housing organisation into Housing Services.
 - Updating several legacy line of business applications to support ongoing Service improvements
- 3.10 The ICT Service was last restructured in 2019 and whilst there have been significant improvements in service delivery and improved reliability and stability of the Service, the requirements of an ICT service have changed substantially with the development of the hybrid cloud and the organisational requirement for a fresh, digital approach. It is becoming increasingly challenging for ICT to deliver these requirements and meet the increasing levels of demand from cyber security and the volumes of change being delivered. In addition, almost £0.9m of the staffing costs have been previously recharged to capital to support the implementation of the capital investments and £431k of staffing posts have been directly charged to capital. For the reasons outlined above these costs will now have to be funded from the revenue budget. There is also a mismatch of skills to new requirements and

historic savings that have been met through holding vacancies while the new operating model is developed. All these issues need to be addressed.

3.11 ICT have developed a Future Operating Model to support the current and emerging requirements, driven by changes in the way technology services are delivered. A new structure is planned to be implemented early in 2024/25 that will be transitioned to over a 3–5-year period in line with changes to digital, data and technology services. This will address: -

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

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

External Audit

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

4. Government Grants 2024-27

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

Table three: Government Grant Allocations (£m)

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

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

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

5. Sales, Fees, and Charges

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

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

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

Table four: Summary of sales, fees and charges budgets

Service Area	2023/24 Budget £000'S	Comments
Local Authorities/Public Sector Organisations		
Human Resources	451	Charges are made for payroll services and provision of DBS certificates to other organisations, including schools.
Legal	5,932	Charges to recover the costs of legal services provided to Salford, Rochdale (Children's Legal Services) and work for GMCA.
Procurement	56	Charges to recover the costs of procurement services provided to Bolton Council.
Internal Audit	115	Charges to recover the costs of internal audit services provided to other authorities including Bolton Council.
Commercial Governance	101	Company secretary services are provided to other organisations through a separate company.
Services to Residents and Businesses		
Registrars	1,425	Registrars charge residents for issuance of Certificates in relation to births, deaths and marriage and also for undertaking both marriage and civil partnership ceremonies.
Finance	239	Fees charged to residents for undertaking the deputyship role, i.e. managing residents financial affairs if they are unable to do so.
On Street Parking	16,616	Income from on street parking fees and penalty charge notices, the income is used to cover the costs of funding the parking and enforcement service, and any surplus must be credited to a reserve and any use is limited under statute and must be used for transport related expenditure. full details are set out in the MTFP and Reserves Strategy.

Bus Lane Enforcement	6,514	Income from bus lane enforcement is statutorily restricted in what it can be used for. It is used initially to fund the costs of enforcement, and any surplus must be ringfenced for specific use, this includes 1. Provision or operation of public passenger transport, and 2. Highway improvement projects.
Clamping	378	Vehicles can be clamped or removed if the driver has a number of unpaid parking tickets, the car is not registered with DVLA or the vehicle is untaxed. In order to retrieve the vehicle the vehicle owner has to pay either a clamp release fee, or a release fee if the vehicle has been impounded.
Communications	1,012	Provision of interpretation and Translation services including British Sign Language and provision of professional printing and finishing service.
Other		
Policy	48	The Council has a statutory duty to name and numbers streets, fees are payable by developers to register new streets names.
Capital Programmes	176	The Council is in partnership with other LA's and operates a construction and professional services framework whereby other public sector organisations can use the frameworks to access required professionals, fees are payable for accessing the framework.
Other	40	
Grand Total	33,103	

5.3 As part annual budget process all sales, fees and charges have been reviewed to ensure that they are services are fully recovering fees where appropriate and the budgets reflect the level of income likely to be received.

5.4 As part of the review it was recommended that some external charges are increased by up to 5% from 1st April. Rather than increasing by September CPI which was 6.7% it was proposed to cap the non-contractual increases at 5%. The increases are projected to generate a further £266k which has been included in the overall budget as part of the £1m increased income from sales fees and charges. Details of these changes are set out in the table below:

Table five: Proposed inflationary increases to income.

Income Generating Area	Proposed Increase £000's	Comments
Human resources	26	Increase external payroll costs by 5%
Communications	52	Increase external fees by 5%, this covers M4 printing and design.
Procurement	4	Increase external charges by 5%
Internal Audit	10	Increase external charges by 5%

Commercial Governance	15	Increase existing external charges
Registrars	80	Realign existing income budgets
Capital Programmes	25	Realign existing income budgets
Non DPE – Clamping	54	Realign existing income budgets
Total	266	

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

Table six: Overall proposed changes to income budgets

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

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

6. Commissioning and procurement priorities

- 6.1 Contract sessions with directorate management teams were initially established in September 2023 and now take place on a quarterly basis with next sessions scheduled for February. The aim of these is to support management teams to understand both their current contractual position and contract spend, and to develop an agreed pipeline of future commissions.
- 6.2 A new Contract Management System is expected to go live during the current financial year. Once operational this will provide Directorates with consistent contract performance information to support contract managers to ensure that contracts deliver against expectations and that opportunities for improvement can be identified and realised more easily. The system will also enable services to identify and proactively plan for the pipeline of upcoming procurements to enable all contracts to be competitively tendered.
- 6.3 The team have now developed and rolled out a 'Spend Analysis' tool, this is shared quarterly with Directorate Management Teams' and aids their

understanding of key supplier relationships, and corresponding contractual relationships. It is also being used to drive innovation in the procurement and commissioning team, by providing a new way to assess spend across the council.

- 6.4 The new Procurement Act received Royal Assent in late October 2023 and will be in force from October 2024 onwards with a six month transition period to prepare all necessary templates and tender documentation in order to take advantage of the new flexibilities available under the new regulations. This will include rolling out training across the council to ensure visibility of the changes amongst service units.
- 6.5 A significant additional workload will be generated by the Transparency Reporting arrangements under the new regulations which include a requirement to post details of contract awards and termination details as well as to report on delivery against Key Performance Indicators within major contracts by uploading information onto a database that is to be managed by the Cabinet Office. The Contract Management System and Spend Analysis tool will be valuable in providing information to support this new reporting regime.
- 6.6 In parallel to the new procurement regulations, the long-awaited regulations for the new Provider Selection Regime (which applies to healthcare procurements) were laid in Parliament in mid-October and came into force on 1st January 2024 to provide a mechanism to avoid unnecessary competition in certain limited circumstances and to direct award contracts where it is considered that tendering would be unlikely to generate sufficient interest from suppliers to justify the exercise. The draft regulations and statutory guidance have been shared with Public Health, Legal and Procurement colleagues to assist with planning and workshops will be held during the lead in period to run through the detailed workings as there will be new requirements not only in terms of procurement procedures but also for contract notices and auditing of decisions made under the Regime.
- 6.7 The Unit has a significant role in supporting the work of the Major Contracts Review Board which was established in early 2023 and intended to provide assurance for the council that appropriate and robust management arrangements are in place for the council's Gold rated contracts. The Board meets on a 6-weekly cycle and, following an intense period of work to establish the Board's working practices, IC&P has produced a forward plan of contracts for future scrutiny and developed a Delivery Model Assessment and a Sourcing Policy which will go to Executive for Approval in the next 2-3 months.
- 6.8 The Core has a number of high-value procurements and contract implementations in the pipeline including, but not limited to the following:
 - Implementing the Power Purchase Agreement which was procured earlier this financial year and which will come onstream in 2025, £42m total value.
 - Gas, contract value in the region of £8m. First call-off contract to be procured imminently ahead of 2024/25.

- VCSE Infrastructure Support Service, £2.8m total. Aim for contract award in February; the contract introduces new elements which will need to be implemented over the coming year.
- North West Construction Hub Low Value Framework which is close to award stage, £400m. This framework will be used for procuring low value construction works contracts.
- Electric Vehicle Charging, timescales and value are to be confirmed in due course. The council is looking at options for electric vehicle charging capacity across the city.
- Security - approximately £6m per annum. Procurement will take place in 24/25 ahead of an April 2025 start.
- A number of high value ICT contracts including the implementation of the new Finance and HR system, the procurement of which is currently in the final stages.

7. Workforce Implications

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

Vacancy Factor

- 7.2 Whilst the Council's establishment is fully budgeted for at the top of the grade. In reality there are vacancies caused by staff turnover, recruitment difficulties and staff employed throughout the grade scale. As part of looking to reduce staffing budgets without impacting on services a review of all current long term vacancies has been undertaken and 8 long term vacant posts are proposed for deletion, this will realise savings of £286k in 2024/25 and full details are set out at para 2.3.
- 7.3. The continued challenges in filling posts also means that the council is working hard on ensuring we are an employer of choice and can attract people and minimise the pressures on our existing workforce.

8. Equality and Anti-Poverty Impact

- 8.1 Each saving proposal will be supported by robust business cases where consideration has been given to how the proposed savings could impact on different protected or disadvantaged groups. Where applicable proposals will be subject to completion of an Equality Impact Assessment (EqIA) and a Poverty Impact Assessment as part of the detailed planning and implementation. Work is also underway on the way in which equalities data is collected across the Council, supporting the ability to be better informed on the impact of changes being made to services.
- 8.2 The current saving proposals in the core directorate focus on delivering efficiencies and implementing new ways of working with limited impact on services which directly deliver to residents. However, the major projects within these proposals, such as RBDXP, have equality and inclusion at their heart and

have embedded this in their design stages with robust EqIAs in place at a project level. Due to this diligence at the design stage of these projects, no direct impacts on people and specifically MCC priority protected characteristics have been identified. This will remain under review throughout the further development of these proposals.

- 8.3 The work that will be carried out on individual business cases will be complemented by work to consider the collective impact of the options proposed and how the overall budget changes will impact on equalities, poverty and ultimately our residents. The Core Directorate will review how the use of their budget as a whole, not just that of budget savings/reductions, might mitigate or positively impact on equality, anti-poverty, and how social value can be maximised.

9. Future opportunities, Risks and policy considerations

- 9.2 The Core continues to support residents and businesses with the ongoing implications of the current economic climate are still unknown, this is having ongoing impacts in terms of both increased demands for direct financial support but also increased demands on service areas across the Council. In addition to the support for residents the current economic climate and particularly higher rates of inflation is leading to increased contractual costs for goods and services across all services.

10. Conclusion

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

Appendices

Appendix 1 - Savings Schedule

Corporate Core

	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
2023/24 Approved Savings:								
Resident and Business Digital Experience								
Customer Services and Transactions	ICT investment will make digital access easier and increase no of residents using digital channels rather than traditional channels for contact	Efficiency	Green	0	200	450	650	7
Digital data Insights								
ICT	Due to increased flexible working and access to MS teams, reduce number of telephones (mobiles and landlines) across the council	Efficiency	Green	25	25	0	50	
	Rationalise Wi-Fi providers	Efficiency	Green	0	184	0	184	
	Due to changes in working arrangements, reduce both the number of printers across the estate and the volume of prints.	Efficiency	Green	25	0	0	25	
Finance, Procurement & Commercial Governance	As part of the planned change in ERP system there will be increased efficiency through standardisation of processes,	Efficiency	Green	200	200	200	600	12

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

	Description of Saving	Type of Saving	RAG Impact	Amount of Saving				Indicative FTE Impact
				2024/25	2025/26	2026/27	Total	
				£'000	£'000	£'000	£'000	
DPE	Realign existing income budgets	Income generation	Green	54	0	0	54	
Total Corporate Core				1,755	1,771	1,650	3,832	35

Appendix 2 – Growth and Pressures Schedule

Corporate Core

Service	Description of Pressure	Pressure / Growth Amount			
		2024/25	2025/26	2026/27	Total
		£'000	£'000	£'000	£'000
2023/24 Approved pressures:					
Operational Property		905	0	0	905
Financial Management	Civica and purchase card rebate	10	0	0	10
ICT	Ongoing costs of ICT hardware refresh post roll out of EUD	750	0	0	750
HROD&T	Lost school income/CCV	23	0	0	23
New 2024/25 pressures:					
ICT	Support the change in funding to implement cloud projects and associated-subscription costs.	2,000	2,000	2,000	6,000

ICT	Reduced capacity to capitalise ICT staffing costs, and fund resources to support ICT priorities	1,000	500	0	1,500
Corporate Items	Increased costs of External Audit	290	0	0	290
Corporate Items	AGMA	69			69
Revenues and Benefits	Realigning of the Council Tax Support Budgets	(770)			(770)
Total pressures – Corporate Core		4,277	3,000	2,000	8,573

Appendix 3: Indicative Medium term budgets by service

Corporate Core

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

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

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

Corporate Core

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

