

**Manchester City Council
Report for Resolution**

Report to: Finance Scrutiny Committee – 20 November 2014
Executive – 26 November 2014

Subject: 2015/17 Budget Options for the Corporate Core

Report of: The Chief Executive, City Treasurer and City Solicitor

Summary

This report provides members with information on the draft savings options for the Corporate Core which covers the Chief Executive's and Corporate Services Directorates. Scrutiny committee is invited to comment on the options and identify areas where they would like to see further information as part of the December scrutiny cycle.

The savings options will then form part of the draft budget which will be reported to Executive in January, prior to a recommended budget going to the February Budget Executive.

Executive is recommended:

To note the savings options included in the paper and the associated consultation and scrutiny processes which will inform the development of the budget proposals.

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The options in this report are designed to focus the capacity of the Core to support the Core's leadership and support role to the Council in the delivery of our key strategic priorities
Reaching full potential in education and employment	
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	

Implications for:

- 1 Equal Opportunities Policy: Yes
- 2 Risk Management: Yes
- 3 Legal Considerations: Yes

Financial Consequences for the Capital and Revenue Budgets

The report contains draft savings options for comment for a draft budget report being prepared for January Executive. The draft options in the report total £13.101m for 2015/16 and further £1.074m for 2016/17.

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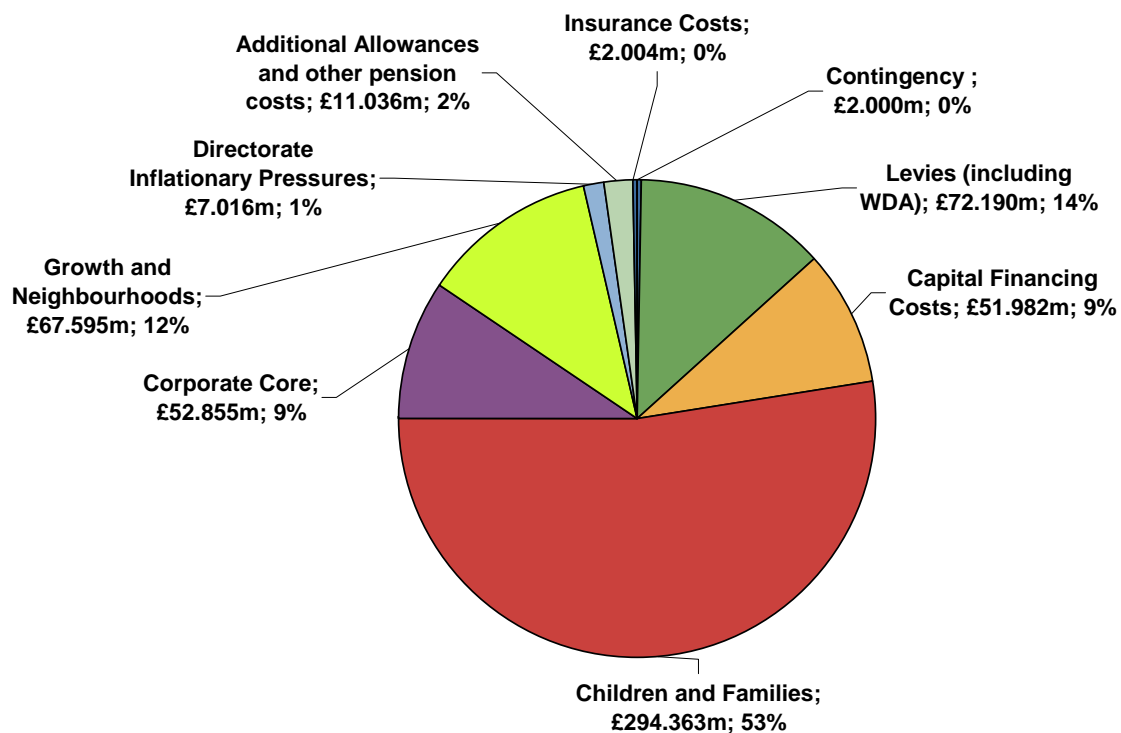
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Background documents (available for public inspection):

None.

1. Corporate Introduction and Context

- 1.1 As set out in the Report to Budget Executive in February 2014, the Council is facing a significant funding gap for 2015/16 and 2016/17. This was estimated as £60m rising to £100m. Assumptions have been reviewed and the latest best estimate is £59m in 2015/16 rising to £91m in 2016/17. It has to be stressed that there are no figures for the Financial Settlement for 2016/17 so these figures are an estimate and the position will change as more information becomes available.
- 1.2 For 2015/16 the c.£60m shortfall has arisen from £50.8m reductions in government funding as part of the financial settlement, and £14.8m for unavoidable cost pressures partly offset by a £6.5m increase in other resources (dividends, business rates and other grants).
- 1.3 This is part of a continued trend of budget reductions. By 2016/17 this would mean a c40% reduction in the directorate cash limit budgets from £534m to £324m since 2011. As the Council has a low council tax base and is hence more reliant on central government grant funding it has received a disproportionate share of the reductions. This has been coupled with the ineffective nature of the incentives for growth such as New Homes Bonus.
- 1.4 As part of the budget process all of these assumptions are being reviewed and updated. This includes reviewing the levels of council tax, business rate and other sources of income that are likely to be received as well as the cost pressures. The work will culminate in the preparation of a draft budget for consideration by members in early January, following the receipt of the Provisional Financial Settlement due mid to late December. The Council will need to develop a package of measures in order to deliver a balanced budget and the draft savings options for discussion that are set out in these reports form an important part of the process.
- 1.5 The Council has a net revenue budget of £561m which is summarised in the pie chart below. The levies cover services provided at a GM level particularly waste disposal and transport. There is limited flexibility to reduce these, the capital financing costs or the historic pension liabilities, so the focus is on the Directorate budgets for Growth and Neighbourhoods, Children and Families and the Corporate Core.



1.6 In coming to a draft and then a recommended budget, the budget decision making process will need to be guided by the strategic priorities for the Council which are summarised in the box below.

Growth	More jobs in Manchester
	Growth in key sectors
	New homes
	Skilled labour market
	Improved connectivity and infrastructure
Reform	Fewer people out of work
	Improved educational attainment
	Health improvements
	Fewer Looked After Children
	Better early years experience
Place	Clean and safe neighbourhoods
	Quality green space
	Vibrant local areas
	Major attractors – sport, culture and shopping

1.7 The agreed budget principles, as set out below, can then provide the framework within which decisions are made:

- Leadership for Reform – Economic Growth, reduce worklessness and dependency, promote private sector investment.

- Targeted Services – Provide effective safeguarding and protect the most vulnerable, support effective integration of health and social care and integrated commissioning at neighbourhood level. Work to reduce dependency, manage demand effectively and support residents to be economically active.
- Universal Services – ensure provision of high standard of services for residents from education to libraries, ensure services provide support to those most in need
- Neighbourhoods – Budgets should be neighbourhood focused, the aim of providing places where people choose to live and work, that are clean and safe with good housing offer and a range of accessible local services
- Core – Centres of Excellence to drive reform, provide effective support services, protect customer facing services, and maintain the Council's leadership role within AGMA and the Combined Authority.

- 1.8 This report provides Members with information on the draft savings options for the Corporate Core Directorate. Attached to the reports are the detailed savings schedules. The savings options put forward as part of this report have been assessed by officers for their deliverability and impact. This information is included in the schedules with a risk or RAG (Red /Amber /Green) rating and a summary of the potential impact. The proposals have also been considered by Executive Members who are keen that all the identified options are set out so they can be considered and consulted on. However where there are particular concerns about the extent of their impact on the priorities for the City these options have been shaded in grey.
- 1.9 Scrutiny committee is invited to comment on the options and identify areas where they would like to see further information as part of the December scrutiny cycle. The report also identifies and provides information on those options that will require equality impact assessments.
- 1.10 The savings options will then form part of the draft budget which will be reported to Executive in January, prior to a recommended budget going to the February Budget Executive and March Council.

2. Directorate Strategy and Overview

- 2.1 The Corporate Core provides the leadership, governance and management of the organisation, working in partnership with other Directorates and the Council's partners to deliver the ambition for Manchester to be a world class city with sustained economic growth and better lives and opportunities for residents. The Core also delivers a range of frontline and transactional services such as Housing Benefit, Registrars, Bereavement Services, Payroll and Customer Services.
- 2.2 The Core provides strategic leadership for growth and public service reform at a Greater Manchester level through the Greater Manchester Combined Authority and Association of Greater Manchester Authorities, as well as within the City by supporting the Children and Families Directorate and the Growth and Neighbourhoods Directorate.

2.3 The Corporate Core covers the Directorates of Chief Executive's and Corporate Services. These two Directorates provide the Council's internal support and corporate assurance functions through the existing Centres of Excellence for :

- Financial Management
- Human Resources and Organisational Development
- ICT
- Communications
- Performance
- Research and Intelligence
- Procurement.

A new Centre of Excellence for Reform and Innovation is currently being developed. These Centres of Excellence bring together specialist skills which are drawn into Directorates to help them deliver their priorities.

2.4 The priorities of the Centres of Excellence are set by the requirements of the Directorates and the wider organisation. Their provision of effective and timely support and challenge remains critical to the delivery of the City's priorities.

2.5 The transactional services that support Human Resources and Organisational Development and Financial Management were brought together in 2010 to create the Shared Service Centre.

2.6 The Core also has responsibility for the delivery of a diverse range of key services to stakeholders, including residents, businesses, and government agencies, for example the billing, collection and recovery of Council Tax and business rates, the administration of various benefits including Council Tax Benefit and Housing Benefit as well as the delivery of elections and Registration and Coroner services.

2.7 The Core also provides support to the Council to operate as a democratic organisation and to ensure that there are robust governance, risk management and assurance arrangements in place across systems and processes through Legal, Democratic and Statutory Services and Internal Audit and Risk.

2.8 Business Units services were brought into the Core in June 2013. These include Bereavement Services, Facilities Management, Fleet Management, Manchester Contracts, Manchester Markets, Parking, Bus Lanes, CCTV and Pest Control. Business Units provide support for other services and partners including the current work with GMP with regard to fleet and the provision of pest control for Registered Providers of social housing.

2.9 The priorities for the Corporate Core are detailed below:

- Leadership to influence local partners and Government to secure the capacity to match our ambitions in relation to the opportunities for devolution and place based settlements.
- Leadership and management of the Council to deliver the organisational changes and provide strategic support to the Directorates to drive and enable delivery of the City's priorities.
- Leadership of public service reform to reduce dependency and address low skills and worklessness in all aspects of our reform programme across Complex Dependency and Health and Social Care.
- Provision of effective centralised support services via the Centre of Excellence Model
- To ensure the effective administration of housing benefit, discretionary housing benefit and the phased roll out of universal credit and the administration and collection of Council Tax and Business Rates revenues, maximising the collection of the revenue that is due to the council
- Provision of effective Customer Services
- Effective Delivery of the Business Unit functions such as Cemeteries and Crematoria, Catering and Facilities Management.
- Provision of effective internal governance and assurance arrangements and support to elected members both in their decision making role and their role as elected representatives.

3. Budget and Service Overview of the Corporate Core

Budget CURRENT FINANCIAL YEAR

- 3.1 The Corporate Core current year approved budget is a gross budget of £397.303m and a net budget of £52.855m and this funds 2,523 FTE. See table below for a further breakdown.

Table 1: Corporate Core 2014/15 Budget

	2014/15 Approved Budgets		
Service Area	Gross Budget £000	Net Budget £000	FTE Posts
Chief Executives			
Communications	7,435	5,205	107
Customer Organisation	3,868	3,768	154
ICT	11,454	10,612	132
Performance, Research and Intelligence	2,926	2,899	88

HR/OD	3,446	3,419	94
Transformation	1,177	1,177	36
Executive	3,752	3,752	27
Democratic & Statutory Services	4,723	3,474	68
Legal Services	6,391	2,297	199
Corporate Items	1,874	1,789	0
Sub Total	47,046	38,392	905
Corporate Services			
Financial Management	6,601	5,870	184
Revenue & Benefits	296,180	7,068	390
Procurement	1,331	1,074	29
Audit, Risk and Resilience	1,907	1,648	45
Shared Service Centre	2,811	2,602	148
Business Units	41,029	(4,196)	822
Corporate Items	398	397	0
Sub Total	350,257	14,463	1,618
Corporate Core Grand Total	397,303	52,855	2,523

During the 2013/15 budget the Core made savings of over £16.2m, and proposals for a further £14.175m are now proposed as part of the current 2015/17 budget options. The table below (para. 4.3) sets out a summary of current options broken down by service area, phased over the next two years.

4. Overview of Business Case for Savings in the Corporate Core

- 4.1 In response to the significant reductions in resources available over the last few years the Council has reduced the Corporate Core by a greater proportion than the Children and Families and Growth & Neighbourhoods Directorates. The ongoing challenge facing the Core is to continue to reduce its expenditure whilst still providing the capacity to enable the delivery of the Council's priorities and those front line services provided by the Core.
- 4.2 The savings options for 2015/17 are set out in the table below. The development of the savings options for discussion has focused on the following key areas:

- A review of the Centres of Excellence and the identification of two levels of savings. Tier One savings relate to savings that will impact on capacity, but where there is greater confidence that these savings will not significantly compromise the delivery of key priorities. The Tier Two savings will impact on the organisation's ability to deliver key priorities to varying degrees. Capacity will need to be focused on critical or statutory areas of work only.
- A focus on how the Council can move away from paper based systems and processes both internally and in its contacts with residents. These savings, identified as digital proposals, will apply across all service areas and in particular to Communications, Customer Services, Revenue and Benefits and the Shared Service Centre.
- Income Generation and how income can appropriately be generated to deliver services. This applies largely to Business Units with smaller contributions from Legal Services, Registrars and Internal Audit and Risk.
- A review of Welfare Related Support – these budgets are held corporately within contingency items.
- A range of smaller scale savings through changing the way services are delivered, working with other organisations and reducing staffing.

4.3 The savings headings above are used within the attached savings schedule to group the specific options across services.

Table 2: Proposed Savings Options 2015/17

	Net Budget 2014/15 £000's	Saving Option 2015/16 £000's	Saving Option 2016/17 £000's	Total Savings Options £000's	Indicative FTE Reduction
Chief Executives					
Communications	5,205	(709)	(25)	(734)	(11)
Customer Organisation	3,768	(342)	(147)	(489)	(13)
ICT	10,612	(65)	(435)	(500)	(2)
Performance, Research and Intelligence	2,899	(610)		(610)	(22)
HR/OD	3,419	(616)		(616)	(15)
Reform and Innovation	1,177	(1,000)		(1,000)	(18)
Executive	3,752	(125)	(92)	(217)	

Democratic & Statutory Services	3,474	(111)	(30)	(141)	
Legal Services	2,297	(327)	(50)	(377)	(5)
Corporate Items	1,789	0	0		
Sub Total	38,392	(3,905)	(779)	(4,684)	(86)
Corporate Services					
Financial Management	5,870	(992)		(992)	(27)
Revenue & Benefits	7,068	(1,692)	(130)	(1,822)	(3)
Procurement	1,074	(234)	(85)	(319)	(5)
Audit, Risk and Resilience	1,648	(284)		(284)	(2)
Shared Service Centre	2,602	(770)	(120)	(890)	(7)
Business Units	(4,196)	(1,443)	40	(1,403)	
Corporate Items	397	(3,781)		(3,781)	
Sub Total	14,463	(9,196)	(295)	(9,491)	(44)
Corporate Core Grand Total	52,855	(13,101)	(1,074)	(14,175)	(130)

5. Options being proposed for discussion

- 5.1 The options set out below and within the attached savings schedule outline how the Corporate Core proposes to reduce its resources over the next two year budget period. These options have been developed in a way that will allow the Directorate to achieve its objectives and support the Council, with its partners, to achieve its ambitions of economic growth, public service reform and a focus on place, delivering services that meet the needs of Manchester's diverse neighbourhoods. The savings options below are set out in the key areas of Centres of Excellence, Digital proposals (using technology to reduce paper and print costs), Income Generation, Welfare Support and a range of smaller scale proposals focused on changing the way services are delivered, working with other organisations and reducing staffing.
- 5.2 **Centres of Excellence**
- 5.3 The Council created 'Centres of Excellence' as part of activity in support of the 2011/13 budget. Bringing together specific specialist functions into centralised teams delivered savings of over £14 million, (principally through a reduction of over 450 posts) and enabled Directorates to draw in the skills required whilst also developing corporate approaches and improved performance.
- 5.4 Following a review of the existing Centres of Excellence, there are options to further develop and refine each of the Centres of Excellence to ensure that capacity is focused on the areas of greatest value to both drive and enable the delivery of key organisational priorities. Various strategies have been looked at

to deliver the necessary savings options and these include income generation, collaboration, service reductions, efficiencies and reform. The options proposed would equate to a 16% reductions on base budgets.

- 5.5 For both the existing Centres of Excellence (listed in paragraph 2.3) and the new Reform and Innovation function options are included at two tiers which reflect the level of change and associated risk. The **Tier One** options would see **£2.880m of savings with a reduction of 55.5 FTE** whilst the **Tier Two** options provide further savings of **£1.611m** and an additional reduction of **44.5 FTE**. In addition to this there is a further Tier Three option of an additional **£250k** saving proposed for Reform & Innovation. This would deliver overall savings of **£4.741m** for the Centres of Excellence. Consideration has been given to areas where taking the Tier Two savings could significantly undermine the ability to deliver on Council priorities and three areas have been identified; Financial Management, HR/OD and Performance and Intelligence. The Tier Two savings for these services equates to **£1.261m**.
- 5.6 There are three options for potential savings for the creation of new Reform and Innovation function and the cessation of the current Transformation Team. The Transformation Team currently has a budget of £1.5m. The three options will deliver different levels of savings with a varying degree of impact on the capacity available to support the delivery of key priorities.
- 5.7 Tier One option for Reform and Innovation will deliver a saving of **£500k**, this proposal will enable **£250k** to be transferred to the Childrens and Families and Growth and Neighbourhoods Directorates (£125k each) to provide funding for programme and project management capacity to aid the delivery of savings over the next two years. Tier One will result in a reduction of circa **9 FTE**. Tier Two will result in a reduction of an **additional circa 9 FTE** and a smaller core Reform and Innovation function, this option would still enable **£250k** to be transferred Childrens and Families and Growth and Neighbourhoods Directorates. **Tier Three** option will not deliver any further FTE reductions however will deliver a saving of **£1m** but no funding will be available to transfer to the Directorates to support the delivery of savings over the next two years.
- 5.8 Each Centre of Excellence has produced a detailed summary of the changes required to deliver the Tier One and Tier Two savings options and in summary these are
- A continued focus on behaviour change and manager independence
 - Streamlined processes and improved guidance to managers supported by new technologies such as Employee and Manager Self Service (ESS/MSS) and increased use of the intranet to disseminate 'how to' guides.
 - An agreed focus on the areas of highest priority and risk and a reduction in capacity and activity elsewhere such as a move to bi-monthly budget and human resource monitoring and focus on statutory returns reducing analytical capacity.

- A continued emphasis on managerial skills development and training

6 Digital Proposals

6.1 The use of digital channels and technology can transform the way services work and over the last few years the Core has been moving away from paper based communications (letters, paper, printing) through the use of digital technology. This approach has achieved savings in 2013/15 and it is proposed to develop this strategy to achieve further savings in 2015/17. The digital options focus on three areas:

- Further use of digital channels
- Review of the physical mail issued and where possible replace via electronic solutions and mail merge
- Reduction in print and paper will reduce the number of printers and associated costs

6.2 There will be a greater use of digital channels in areas such as Customer Services and Revenues and Benefits with the introduction of more online forms. The use of printing will be restricted across the Council with all staff being encouraged to reduce the amount of paper printed through different ways of working; this will directly impact on the number of printers across the Council.

6.3 To encourage and enable increased customer self service the Council's newly designed website, new online customer account which was launched in 2013 (57,427 residents have since registered for their very own account) and easy to use online forms and services will support further digital savings . It is supported by the continued implementation of new easy to use online services. New online services for all high volume Neighbourhood Service related to 'report it' or 'request it' transactions have been implemented and have proven to be extremely popular with residents with 5,399 Neighbourhood Service related reports made via the newly developed online forms and 51% of all Neighbourhood Services transactions made through digital channels during the month of October 2014.

6.4 As a result of the continued significant increase in the number of residents choosing to access information or report or request services online, calls made to the Corporate Contact Centre related to Neighbourhood Services have reduced by 20% which equates to almost 45,000 calls when comparing 2014 to 2013 (January to October).

6.5 An option is that this approach is rolled out further by continuing to develop and deploy new easy to use online services in particular for high volume services such as Council Tax, Benefits and School Admissions, whilst the Corporate Contact Centre will continue to be on hand for residents who require a greater level of support or choose to access services via more traditional channels.

- 6.6 Individuals and families currently access housing benefit by completing a paper based application which is sent to Revenues and Benefits. It is proposed in the future that these forms will also be available online; this approach will result in a more efficient and timely service and enable savings to be made.
- 6.7 A new mail system (hybrid mail) is currently being installed. This new system collates and consolidates letters into one envelope, pre-sorts mail by street order to maximise available discounts from mail providers and enables easier steps towards electronic mail for residents and businesses. This will ultimately reduce the paper produced by the Council delivering both financial savings and a reduced carbon footprint. This system will be rolled out across the Council with Revenues and Benefits and the Shared Service Centre being two of the services identified as part of the phase one roll out.
- 6.8 The continued use of improved technology and the introduction of Employee/Manager self service (ESS/MSS) will enable the Shared Service Centre to make further savings as employees and managers will have direct access to information.
- 6.9 Some of the achievements in providing easy to use forms on the web, better mailing systems and reducing printing and use of paper has been as a result of changing behaviours. The successful delivery of the savings attached to the use of digital technology will be heavily reliant on continued behaviour change across the organisation, with managers and employees taking personal responsibility and accountability for the way they work and use and access data.
- 6.10 The combined changes across Customer Services, Revenues and Benefits and the Shared Service Centre from digital proposals would see a **£445k saving and a reduction of 11 FTE.**

7. Income Generation

- 7.1 Business Units operate 16 separate trading services, these include Bereavement Services, Facilities Management, Fleet Management, Manchester Contracts, Manchester Markets, Parking, Bus Lanes, CCTV and Pest Control. In addition to which Business Units have recently taken on the work associated with the policy decision to issue free school meals to all infant school children, this will increase the income in the service for the next two year period.
- 7.2 Within Business Units there is an option to increase income by **£50k** from extending the number of residents parking schemes where visitors are charged for visitor parking permits. Changes across Business Units Trading Services will see an increased income of **£1.403m over the two year budget period.**
- 7.3 Internal Audit and Risk Management have developed their services so they can deliver internally within the Council and to external public service partners.

The Health and Safety and Audit Advice Services are currently provided to schools, and the service will build on their work across Greater Manchester and this will attract increased income of **£117k**.

7.4 The Shared Legal Service across Manchester and Salford was established in 2012, since this time the service have continued to develop partnership arrangements across public and voluntary organisations. There will be a targeted focus on the development of further arrangements to deliver increased income of **£150k** for the Council. There will also be increased income from the Registrars Service of **£109k** through charging for advertising and posting and increasing registrars fees.

7.5 The combined income generation proposals will see **£1.779m additional income generated**.

8. Welfare Related Support

8.1 As part of the 2013/14 budget planning £1.1m was set aside to provide additional targeted support to residents affected by different elements of the welfare reform changes including the implementation of the benefit cap, under occupancy in social housing, Council Tax Support Scheme changes and other areas of urgent need. The Council has a holistic approach to providing support using the Discretionary Housing Payment Scheme, Discretionary Council Tax Payment Scheme and welfare provision. To date none of this additional funding has been used as the existing schemes are effectively responding to demand and it is an option that this is removed from the budget saving **£1.1m**.

8.2 The Discretionary Council Tax Support Scheme budget was introduced in April 2013 with the intention of supporting the most vulnerable residents with the transition from Council Tax Benefit to Council Tax Support. Under Council Tax Benefit, those residents in receipt of Income Support did not have to pay any Council Tax. Since the introduction of Council Tax Support all residents have to make a contribution towards their bill, this was 8.5% of their Council Tax in 2013/14 and 15% from 2014/15. Therefore the aim of this scheme was to support residents with the transition of having to budget and pay for this additional household bill by providing support towards the Council Tax Bill for residents in special circumstances or who are suffering exceptional hardship. Any support provided is intended to be time limited.

8.3 The requirement for this budget should reduce as the original cohort of residents affected by the 2013 changes (approximately 37,000 residents received a bill for the first time in 2013) get used to paying this bill. The budget for this Scheme was increased to £300k but to date it is estimated that only £200k will be required during 2014/15. It should be noted that the spend increased in 2014/15 because the amount that residents had to contribute increased from 8.5% to 15%. It is recommended that the budget for this provision is reduced to £100k for 2015/16 providing a saving of **£200k** which should still provide sufficient scope to provide support to residents in special circumstances or suffering exceptional hardship.

8.4 The costs of collection and income received from Council Tax are held in a Collection Fund. This takes into account estimates of the numbers of households liable for council tax and an estimated collection rate is assumed. Due in part to the work of the Revenues and Benefits service the collection rate for council tax is likely to be higher than the 93.2% that is budgeted for across council tax, additional discounts and premiums and from those in receipt of some council tax support. This will deliver an estimated surplus of **£3.5m**.

8.5 Finally there is a proposal to collect all council tax costs if the summons is issued correctly rather than write off the summons' costs as a goodwill gesture or for people in receipt of income support. This will increase income by **£30k**.

8.6 The combined options across Corporate Items will see savings of **£4.830m**.

9. Further Savings Options

9.1 The remaining options impact across a range of services such as Revenue and Benefits, Legal, Shared Service Centre, Customer Services and Democratic and Statutory Services and will deliver efficiencies by implementing a range of new service models, reducing administration and changing service provision. These changes will deliver **£2.380m** and **19fte**.

10. Partnerships and Enablers

10.1 The Corporate Core will continue to maintain relationships with the business community and the capability to create the conditions for private sector led growth. The Core will also lead on public service reform so that the Council is creating the conditions in which the public sector as a whole can lead the reduction of dependency. Partnerships with the private, public and third sectors will encourage a new focus and alignment of total resources behind the priorities of growth and reform. This is the key to securing the best possible value for the city.

10.2 The Core will continue to work with and support the rest of the organisation to deliver against key priorities and to implement the changes required to deliver reform and the required budget savings throughout 2015/17.

10.3 The successful implementation of the options set out in this report are dependant on a number of factors. The majority of changes are dependant on the enhanced use of technology and capability of ICT to deliver a stable infrastructure and ambitious transformation programme. The changes are also heavily dependant on behaviour change and our managers taking personal responsibility and accountability for undertaking the management elements of their roles and accessing the data that will be available to them via tools such as Employee and Manager Self-Serve and increased information on the intranet.

11. Impact on Residents, Communities and Customers

- 11.1 The biggest risk associated to these options is the Core's ability to drive reform and growth through the support and challenge to the Childrens and Families and Growth and Neighbourhoods Directorates.
- 11.2 Through the further development of Customer Services and the use of digital technology and online housing benefit claimant forms within Revenues and Benefits residents will be provided with greater access to services via the website. The option to speak with advisers or submit paper housing benefit forms will continue to be available. To ensure there is full awareness of the impact of increased usage of digital channels Equality Impact Assessments will be completed where required.
- 11.3 Through the Core's leadership role of the Manchester Investment Board there will continue to be a drive to work with partners to reform public services across the city, seeking to maximise the significant role of significant partners in the delivery of services to residents and the achievement of priorities within the City.

12. Workforce Impact

- 12.1 The Core Corporate Core has 2,523 FTE funded posts. Whilst the options are yet to be fully developed it is anticipated that these changes will result in a reduction of up to circa **130 FTE** funded posts across service areas. A summary of the indicative reductions is below:

Service	Indicative FTE reduction
Customer Organisation	13
Revenues and Benefits	3
Shared Service Centre	7
Audit, Risk and Resilience	2
HR/OD	15
Reform and Innovation	18
Financial Management	27
Performance, Research and Intelligence	22
ICT	2
Communications	11
Procurement	5
Legal Services	5
Total	130

- 12.2 As set out above, the delivery of the Directorate's budget options will require both a reduction in workforce and a shift in the types of roles and skills across service areas. This change will be managed in alignment with the *m people* principles, with a focus on developing the Council's existing workforce to meet future skills needs wherever possible. In support of this, it will be important that individuals continue to move flexibly across the organisation and the wider public sector. The detailed impact on specific roles will continue to be identified as options are developed over the coming weeks and months. This process will be supported by continuous engagement with the Trades Unions

and staff. Robust workforce planning arrangements are in place to ensure that, as functions and roles change, the skills and focus of the workforce are effectively developed in alignment with this in both the short and long term.

- 12.3 Given the proposed reductions across the Core it will be critical that the workforce continues to be highly skilled within their professional discipline to ensure achievement of priorities. Continued training and professional development will be an area of focus for all managers. Succession planning and enabling internal movement will be critical to enable the workforce reductions to be achieved whilst enabling development and progression and retaining sufficient skilled and experienced capacity. The type of skills that will continue to be required relate to high level critical analysis, research and evaluation and other specific technical skills within professional disciplines. The continued commitment to **m people** and development of the workforce remains a key priority for the Core.

13. Next Steps

- 13.1 The savings options set out in this report are being considered as part of the production of a draft budget for January Executive. Members are asked to comment on the options and identify areas where they would like further information to be considered as part of the December scrutiny committee cycle.
- 13.2 Members of the public who wish to comment on these options will be able to do so on the Council's internet page www.manchester.gov.uk/budget.
- 13.3 The webpage will contain a link to this report, a plain English summary of the options for consideration and a place where people can post any general comments or ask questions about the options.
- 13.4 Further following consideration of the reports by the Executive on 26th November an eight week formal public consultation will be launched on specific identified options and the general consultation on all of the Council's budget options will be launched. The general consultation will run through to Executive in February 2015.

Appendix 1 – Corporate Core

Description of Saving	2014/ 15 Baseline Budget £,000	Type of Saving	RAG Deliverability	RAG Impact	Impact	Amount of Saving Proposal			FTE Impact (Indicative)	Impact on Public Consultation
						2015 / 16	2016 / 17	Total		
						£,000	£,000	£,000		
CHIEF EXECUTIVES										
Communications										
Where appropriate use electronic alternatives to post and reduce printing		Efficiency, Digital	Green	Green	Less printing and reduce physical mail – move to greater use of e-mail where possible.	30	0	30	0.0	N
Tier 1 General reduction in staffing across Digital & Communications, this will involve deleting vacancies and a restructuring of how the service is delivered.		Service Reduction, Centre of Excellence	Green	Green	Have to say no to some comms jobs and directorates may end up having to wait longer, this would result in a reduction in the number of jobs delivered	204		204	9.0	N
Tier 2 Additional reduction in staffing across Digital & Communications over and above tier 1 proposals and a further reduction in the level of support that can be provided and jobs supported, risk to income.		Service Reduction, Centre of Excellence	Green	Amber	Would mean less jobs can be completed, and directorates may end up having to wait longer, this would result in a further reduction in the number of jobs delivered and a risk to income	100		100	2.0	N
Reduction in the centralised Communications projects budget by further £100k - focus on the highest priority work only		Efficiency, Centre of Excellence	Green	Green	Unless lower prices can be obtained fewer jobs can be delivered	100	0	100	0.0	N
Review Comms Media - Review existing media used for advertising/communications.		Efficiency, Centre of Excellence	Green	Green	Some partners may reject charges for media space.	40	0	40	0.0	N
Revise the format of public notices to save unnecessary costs.		Efficiency, Centre of Excellence	Amber	Green	Less text will reduce costs	30	0	30	0.0	N
Increased income through charging appropriate rates for work undertaken for other public organisations and increase translations income targets		Income generation. , Centre of Excellence	Amber	Green		75	25	100	0.0	N
Brand Development & Marketing - remove Marketing Manchester funding		Efficiency, Centre of Excellence	Green	Green	No Marketing Manchester co-ordination function	130	0	130	0.0	N
Communications Sub Total	5,205					709	25	734	11.0	
Customer Organisations										
Where appropriate make available more services on the website and improve online services and information which in turn will enable reductions in staffing through reduced call volumes received through the Contact Centre and visits to the Customer Service Centre.		Efficiency, Digital	Amber	Amber	Increase the number of online transactions and web visits and reduce the number of calls made to the Contact Centre and visits to the Customer Service Centre.	164	52	216	9.0	N

Reduce the operating hours of the Contact Centre (neighbourhood and switchboard only) so 9-6pm rather than 8-8pm service. Increase the waiting time for a same day appointment in the Customer Service Centre.		Service Reduction, Non Big Ticket	Green	Amber	Customers can find information or report issues and request services via the Council's website when the Contact Centre is closed. The Contact Centre will continue to receive and action emergency reports at all times. Increase the Customer Service Centre face to face average customer wait time from 15 to 20 minutes.	103	0	103	4.0	N
Savings from the Tourist Information Centre		Efficiency, Non Big Ticket	Green	Green		75	95	170	0.0	N
Customer Organisations Sub Total	3,768					342	147	489	13.0	
ICT										
Review of ICT Contracts and Service Redesign		Efficiency, Centre of Excellence	Green	Green		65	0	65	2.0	N
WAN cost savings linked to property rationalisation, centralisation of licences and budgets, service review and link to Centres of Excellence		Efficiency, Centre of Excellence	Amber	Amber	This will be subject to further detailed analysis and will be very challenging to deliver.	0	435	435		N
ICT Sub Total	10,612					65	435	500	2.0	
Performance, Research & Intelligence										
Tier 1 - Service redesign and reduction in staffing		Efficiency, Centre of Excellence	Green	Green	The impact will be on the level of accountability and ability to assist decision makers in making informed decisions. Therefore, resources will be focused on high risk areas	150	0	150	8.0	N
Tier 2 - further reduction in staffing would mean the focus would be on statutory requirements with limited analysis to enable and support informed decision making, a reduction in the capacity to support the evaluation and demographic modelling work.		Service Reduction, Centre of Excellence	Green	Amber	Significant impact on the service offer provided. This would require additional investment in business objects and work with Directorates to improve reporting functionality of systems such as MiCare, Flare and CRM. It would also require investment in the next phase of the Intelligence Hub.	460	0	460	14.0	N
Performance, Research & Intelligence Sub Total	2,899					610	0	610	22.0	
HUMAN RESOURCES										
Tier 1 - Undertake a service redesign to bring teams together and enable posts to be reduced		Efficiency, Centre of Excellence	Green	Green	Impact on delivery through reduced assurance and support to managers on HR processes including case management, resourcing and service redesigns. Reduced capacity to respond to project based priority work e.g. VER/VS, workforce development programmes	325		325	9.0	N
Tier 2 - Service redesign, increasing the number of posts to be reduced		Service Reduction, Centre of Excellence	Green	Green	The further reduction in posts increases risks in relation to assurance of HR practice, further reduction of support to managers and a focus on key critical organisational risks to determine priorities	215		215	6.0	N
Increased income through Agency Client Group fee income and charge partners		Income generation. ,	Amber	Green	No impact as based on current income projections. Contrary to objective of reducing	66		66	0.0	N

for external senior recruitment support.		Centre of Excellence			use of agency					
Identification of efficiencies from non-workforce budgets e.g. corporate events, corporate training		Efficiency, Centre of Excellence	Green	Green	Will reduce the non workforce budgets	10		10	0.0	N
Human Resources Sub Total	3,419					616	0	616	15.0	
Reform & Innovation										
Tier 1 - New function to drive Reform & Innovation across MCC. Will require service redesign and staff reductions.		Reform, Centre of Excellence	Green	Amber	This would leave £750k for the new Reform and Innovation function to drive strategic change across the organisation, and provide £250k to provide capacity to Directorates for supporting delivery of savings.	500		500	9.0	N
Tier 2 Develop a smaller Reform & Innovation Function over and above tier 1 above. Reducing the amount of capacity to support strategic change.		Reform, Centre of Excellence	Green	Amber	Would reduce further the resources available to establish the Reform and Innovation function - so less capacity to support strategic change. £250k for Directorates to support transition factored in	250		250	9.0	N
Tier 3 - Further reduced resources over and above tier 1 & 2 above which would leave no capacity to provide direct support to Directorates.		Reform, Centre of Excellence	Green	Red	This would reduce the resources available even further and leave no support directly available to Directorates	250		250	0.0	N
Reform & Innovation Sub Total	1,177					1,000	0	1,000	18.0	
Executive										
Savings from non workforce budgets and minor staffing change		Efficiency, Non Big Ticket	Green	Green		58	0	58	0.0	N
Civic Functions Budget Reduction		Efficiency, Non Big Ticket	Green	Green	Fewer civic functions can be delivered	20		20	0.0	N
Due to national pension changes there is a reduced requirement for members pension budgets		Efficiency, Non Big Ticket	Green	Green		47	92	139	0.0	N
Executive Sub Total	3,752					125	92	217	0.0	
Democratic and Statutory										
Coroners										
Reduce Costs of Legal Fees, by using the Council's legal service & explore options for GM toxicology services		Efficiency, Non Big Ticket	Green	Green		2	0	2	0.0	N
Reduced staff costs by holding election counts the following day after voting.		Efficiency, Non Big Ticket	Green	Green			30	30	0.0	N
Elections										
Increased income Target within Registrars, this will include increased Registrars fees, charging for posting Certificates and advertising.		Income generation, Income Generation	Green	Green		109	0	109	0.0	N
Democratic and Statutory Sub Total	3,474					111	30	141	0.0	
Legal Services										

Increased income from doing more work for other public service providers		Income generation. , Income Generation	Amber	Green	The service will look to increase work done on behalf of new/existing external partners.	100	50	150	0.0	N
Review Regeneration Group structure		Service Reduction, Non Big Ticket	Amber	Amber	This may have impact in terms of delay in service provision and potential increase in external legal costs for directorates	150	0	150	2.0	N
Change to legal processes around taxi licensing & Debt Recovery.		Efficiency, Non Big Ticket	Green	Amber	increased delegations to officers in respect of taxi licensing and increase the threshold for debt recovery to £1000	37	0	37	1.0	N
Increased efficiencies from implementation of a case management system.		Efficiency, Non Big Ticket	Green	Green		40	0	40	2.0	N
Legal Services Sub Total	2,297					327	50	377	5.0	
Chief Executive Corporate Items	1,789					0	0	0	0.0	
CHIEF EXECUTIVES SUB TOTAL	38,392					3,905	779	4,684	86.0	
CORPORATE SERVICES										
Financial Management										
Tier 1 - Review existing structures, delete existing vacant posts and review remaining finance functions in Capital Programmes & Property and Legal Services whilst streamlining the existing service offer and reduce workforce accordingly.		Service Reduction, Centre of Excellence	Green	Amber		416	0	416	16.0	N
Review basis of charging, and who can be charged to ensure income maximised, including the HRA, CA and BSF/Health and explore further opportunities to share financial expertise across GM		Income generation. , Centre of Excellence	Green	Green		100	0	100	0.0	N
Tier 2 - further reduction in staffing will mean a focus on high risk areas only, less capacity to provide strategic finance support and a much greater reliance on manager self serve for access to monitoring information. Formal budget monitoring reporting will be bi-monthly.		Service Reduction, Centre of Excellence	Green	Amber	The impact will be on the level of accountability and ability to assist decision makers in making informed decisions. resources would need to be focused on areas of highest priority and risk. There would be less capacity to provide strategic finance support and a much greater reliance on manager self serve rather than face to face meetings and bespoke reports. Formal reporting will be less frequent and there will be limited capacity to provide ad-hoc financial advice. It is likely that the final accounts deadlines will be bought forward again and there is a risk that these would not be met.	476	0	476	11.0	N
Financial Management Sub Total	5,870					992	0	992	27.0	
Revenue and Benefits										
Use of Hybrid Mail		Efficiency, Digital	Green	Green	Reduced spend on postage.	40	0	40	0.0	N

Enable the use of on line applications for Housing Benefit claims		Efficiency, Digital	Green	Amber	Housing Benefit applications to be submitted online, with alternative methods by exception	8		8		N
Reduced costs of verification of Housing Benefit claims through risk based approach		Efficiency, Non Big Ticket	Green	Green	New claims to be assessed via digital technology which will therefore reduce the volume of paper and checking required	100	100	200	0.0	N
Withdraw provision of freepost envelopes for return of benefit claims.		Efficiency, Non Big Ticket	Green	Red	The cost of postage would need to be picked up by those making the claim and some may be unable to afford postage costs and hence be negatively impacted on in terms of ability to claim	18	0	18	0.0	N
Internal improvements to ways of working to reduce the use of paper and printing		Efficiency, Non Big Ticket	Green	Green		30	30	60	0.0	N
Staffing efficiencies through reorganising functions, and deleting vacancies		Efficiency, Non Big Ticket	Green	Green		166		166	3.0	N
Remove miscellaneous budget to fund the impact of welfare reform		Service Reduction, Corporate Items	Green	Green		1,100	0	1,100	0.0	N
Reduce discretionary Council Tax support scheme from £300k to £100k		Service Reduction, Corporate Items	Green	Green		200	0	200	0.0	N
Improve CTax costs collection by reducing the number written off as a goodwill gesture		Efficiency, Corporate Items	Green	Amber		30	0	30	0.0	N
Revenue & Benefits Sub Total	7,068					1,692	130	1,822	3.0	
Corporate Procurement										
Increased income generated though the continuation of collaborative arrangements with Bolton. MCC runs the Procurement function at Bolton and in addition, now provides energy management services to the authority.		Collaboration, Centre of Excellence	Green	Green		70	50	120	0.0	N
Tier 1 - Service redesign and reduction in staffing to align with service delivery requirements.		Service Reduction, Centre of Excellence	Green	Green	Reduced staff numbers, will reduce capacity to undertake work	110		110	2.5	
Tier 2 - Additional staffing reductions over and above Tier 1to be undertaken to align with service delivery requirements.		Service Reduction, Centre of Excellence	Green	Amber	Affects the capacity of the team to respond to any increases in workload and ability to react to urgent requests for additional support to directorates	54	35	89	2.5	N
Corporate Procurement Sub Total	1,074					234	85	319	5.0	
Audit, Risk & Resilience										
Increased external income for both Internal Audit and Health & Safety work, opportunities for increased income from Schools and other public service		Income generation, Income Generation	Amber	Green	Potential impact on management support to internal services, but also need to identify and agree additional contracts.	117	0	117	0.0	N

providers.										
Reduce Health & Safety Budgets		Efficiency, Non Big Ticket	Green	Amber	Potential impact of reduced assurance and directorate support	25	0	25	0.0	N
Review of contractual arrangement to deliver Aids and Adaptations to improve delivery and timescales		Efficiency, Non Big Ticket	Green	Green	Improved service delivery at reduced costs.	10	0	10	0.0	N
Systematic review of payments to recover duplicate payments		Efficiency, Non Big Ticket	Green	Green		50	0	50	0.0	N
Reduction in staffing numbers.		Service Reduction, Non Big Ticket	Green	Green	Reduction of two risk and resilience leads will lead to service reductions to directorates	82	0	82	2.0	N
Audit, Risk & Resilience Sub Total	1,648					284	0	284	2.0	
Shared Service Centre										
Undertake a small restructure and enable managers and staff with the technology to access information themselves in a more timely way will reduce the work in the Shared Service Centre, this could include moving to one payroll date.		Service Reduction, Digital	Green	Green	Will require managers to become more self sufficient and to access information directly	70	0	70	2.0	N
Service Redesign and staff reductions whilst also reviewing the service offer.		Efficiency, Non Big Ticket	Green	Green	Deletion of vacant posts	300	0	300	0.0	N
Further redesign of SSC - redesign existing structure, including review of both senior management structure and existing vacancies		Service Reduction, Non Big Ticket	Green	Amber		200	120	320	5.0	N
Budget to reflect actual Purchase Card rebates		Efficiency, Non Big Ticket	Green	Green		200		200		N
Shared Service Centre Sub Total	2,602					770	120	890	7.0	
Business Units										
Offer more bereavement services to increase income		Income generation. , Income Generation	Green	Green		60	60	120	0.0	N
Town Hall Trading & Conference Office increased Income Target		Income generation. , Income Generation	Green	Green		83	0	83	0.0	N
Manchester Contracts increased Income Target		Income generation. , Income Generation	Amber	Green	Currently the M/CR contracts pipeline of work is around 18months, these savings may not be sustainable beyond Sept 2016	500	-250	250	0.0	N
Manchester Fayre increased Income		Income	Amber	Green	Risk around decision to offer free school meals	250	0	250	0.0	N

Target		generation. , Income Generation			to all infant children ceasing from 2016					
More efficient enforcement for the use of Bus Lanes - increased income		Income generation. , Income Generation	Green	Green		400	100	500	0.0	N
More efficient enforcement of decriminalised parking - increased income		Income generation. , Income Generation	Green	Green		100	50	150	0.0	N
Introduce charges for visitor permits within the remaining residents parking schemes.		Income generation. , Income Generation	Amber	Green		50		50		N
Business Units Sub Total	-4,196					1,443	-40	1,403	0.0	
Corporate Items										
Reduction in printing costs through a range of measures, enabling people access to print when appropriate		Efficiency, Digital	Amber	Green	Will require print budgets across the core to be reduced	81		81	0.0	N
The bank charge the Council 1.7% on each transaction that is paid by credit card. Charges to be passed to people paying by credit card		Efficiency, Non Big Ticket	Green	Green	Increased costs for people paying by credit card	50	0	50	0.0	N
Continue to develop and improve collection rates for Council Tax, and work to reduce levels of bad debts through work of the Council Tax team .		Income generation. , Corporate Items	Green	Green		3,500		3,500	0.0	N
Reduced additional allowances requirements		Efficiency, Non Big Ticket	Green	Green		150		150		N
Corporate Items Sub Total	397					3,781	0	3,781	0.0	
CORPORATE SERVICES SUB TOTAL	14,463					9,196	295	9,491	44.0	
CORPORATE CORE GRAND TOTAL	52,855					13,101	1,074	14,175	130.0	

Summary by Theme:

Digital	393	52	445	11.0
Centre of Excellence	4,196	545	4,741	100.0
Income Generation	1,769	10	1,779	0.0
Corporate Items	4,830	0	4,830	0.0
Non Big Ticket Items	1,913	467	2,380	19.0
Corporate Core Grand Total	13,101	1,074	14,175	130.0