

**MANCHESTER CITY COUNCIL
REPORT FOR Resolution**

Committee:	Resources and Governance Overview and Scrutiny Committee
Date:	23 February 2009
Subject:	Amendment to the Council Tax Resolution in the report of the City Treasurer and Chief Executive to Council entitled 'COUNCIL TAX RESOLUTION FOR 2009/10'
Report of:	Leader of the Opposition

Proposed by Councillor Simon Wheale and seconded by Councillor Simon Ashley

Delete resolution 1 to the report of the City Treasurer and Chief Executive and substitute:

That the City Council be recommended to adopt the following resolution:

"Manchester is a great city. Manchester Liberal Democrats are proud of and strongly support the positive achievements and ambitions of Manchester people across many spheres of activity.

In particular, in recent years, Manchester's Liberal Democrat City Council Group have been forward-looking and constructive in arguing for and backing key developments in our city such as the creation of the Metrolink tram system, the construction of the Bridgewater Hall, the staging of the Commonwealth Games and the establishment of the Manchester International Festival.

We have called for and welcome proposals for new investments in City Council services in 2009/10 such as:-

- expanding our waste and recycling systems to bring cardboard and plastics recycling to doorsteps across the city
- increasing the resources available to support fostering in Manchester
- recruiting extra social workers
- and
- paying for more Police Officers through a 3 year increase in the Police precept

Manchester's progress, however, this year is strongly challenged by the twin force of the current recession compounding the existing, ongoing high levels of deprivation within the city.

Shortfalls in the City Council's capital receipts, corporate rental income, land charge, development control and building regulation income all indicate reduced levels of

commercial activity in the city and that the situation is very difficult for many in our local economy.

If Manchester is to continue its longer term economic momentum it is vital that the City Council's Budget-setting process is utterly realistic about the current significant strains on the personal budgets of many Manchester people and the worries that our residents have for the future.

This Resolution therefore proposes to cut back the Council Tax by £50 at Band D and to make reductions at the other bands in proportion to that reduction.

These Council Tax reductions will show that the City Council is prepared to do everything possible to help Manchester residents with stretched budgets and to help to keep the city's economy moving.

An 'around inflation' rise in Council Tax, as in previous, recent years in Manchester, does not, we believe, recognise the seriousness of the financial situation facing our residents in the current economic climate.

We propose therefore to scale back recommendations for the growth of City Council bureaucracy in the forthcoming year by not supporting, at present, extra funding for:-

- District Working arrangements in Childrens' Services (£100,000)
- Partnership Governance (£60,000)
- Corporate Performance Staff Consultation (£500,000)
- Manchester Day Development (£50,000)
- Risk Management (£120,000)
- the recruitment of another Director of Neighbourhood Services whilst the current postholder is seconded (£128,000)

We are very confident that existing staffing teams will be able to deliver excellent work across these headings within current budgets.

We also propose to add to schedules of efficiencies and savings the following:-

- that the burgeoning, multi-million pound, Manchester Improvement Programme (MIP), which in part looks to identify City Council savings, should itself be 'MIP-ped'/subject to a savings review to reduce its budget by £500,000
- that Urbis should instigate a thorough 'in-house' value for money review of its use of space with an aim of saving an additional £60,000 this year over and above the £43,000 efficiencies already identified
- that the target for recharging utilities for graffiti removal be raised from £10,000 to £50,000 to better reflect the actual cost to the City Council of carrying out this work
- that a £1.2Million reduction is made in the £8Million budget for Consultants. This is to support the Council's new 'Gateway procedure' for commissioning consultants which we believe will show that we can often develop skills within the Council's existing workforce to undertake specific new projects and write reports, rather than looking outside first

In addition we would like to see the City Council's contribution to AGMA Sub-Regional Capacity making significant use of existing City Council staff and therefore believe that the Service Improvement Fund is the best place to locate proposed growth of £340,000 whilst the need for extra funding is reviewed.

We will also use £1.5Million of 'soon to be released' Local Authority Business Growth Initiative (LABGI) funding of £3.5M which had been held back by the Government in previous years. This funding, which would otherwise fall into balances, is best used this year to cover some of the financial impacts of income shortfalls on the City Council linked to the recession.

All existing City Council programmes funded by LABGI are already supported into future years - allocations with which we strongly agree and to which we would add the balance of the 'held-back' money for further years' programmes.

We also believe that, with current levels of City Council Reserves and Balances topping £120Million, it is not justifiable to tax Manchester residents more when some genuine unallocated current gains such as Unspent 08/09 Contingency money of £3Million and £2Million from the Airport Dividend can be used to reduce the tax burden on Manchester residents rather than to inflate balances.

The proposals above are focussed on achieving a Council Tax reduction which will boost the financial confidence of Manchester residents.

They also allow for £131,000 to be added to the budget heading that supports Neighbourhood Wardens so that cuts to existing Warden numbers don't have to be made and so that their valuable work can continue.

Service Improvement Fund balances also allow us to move forward with three additional priorities that will strengthen service provision in our local communities as follows:-

- by re-opening four of the five Post Offices closed in Manchester this year (£350,000) to enable all options for configurations/collections of services to be explored using experience from elsewhere
- by ensuring that each Ward has, as a minimum level of service, it's own dedicated, full-time Street Environment Manager (£325,000)
- by creating an additional Senior Conservation Officer post within the Planning Department to help us to give much more support to the huge passion amongst Manchester residents for the city's history and to their interest in preserving that history (£41,000)

We strongly believe that the City Council achieves the greatest value from the use of it's resources when it works closely with Manchester residents to identify local priorities and targets those resources on the identified local priorities.

We are therefore proposing that we give a major, multi-million pound boost to local decision making - shifting over £20Million through Ward Co-ordination to determine local priorities by:-

- the transfer of the Street Environment/Cleansing Budgets to Ward Committees to decide priorities through Ward Co-ordination
- the transfer of the Pavement Improvement and Pavement Repair and Maintenance Budgets to Ward Committees to decide priorities through Ward Co-ordination
- the migration of Working Neighbourhoods Funding to increasing Ward Co-ordination based input and bids with the support and oversight of the Manchester Partnership
- the earmarking of £2Million from the Capital Fund Revenue Reserve to a 'Local Works Fund' for community bids for community facilities that need capital spend

We will retain £575,000 of environmental funding within the Service Improvement Fund this year, pending the transfer of Street Environment/Cleansing Budgets to Ward Committees, so that these service priorities can also be determined at Ward level in future years when we would transfer this funding to mainstream budgets.

Also in particular from the Carbon Reduction Innovation Fund of £1Million we would:-

- allocate £100,000 to a Community Carbon Reduction Initiative Fund for Manchester-based environmental action groups to bid into for local initiatives
- allocate £100,000 to Carbon Reduction 'quick wins' such as a Smart Meter loan scheme from libraries and to expand the City Council's Travel Planning work to offer Manchester residents 'personalised' travel planning
- use a Participatory Budgeting approach to develop proposals for the remaining funding through existing Manchester Community Groups

These steps, we believe as Liberal Democrats, would really engage local residents in significant local decision making and give them the tools to make a major difference to their area.

It is our view, as Liberal Democrats, that the City Council has the financial capacity to undertake prudential borrowing to bring forward an early start to the Town Hall Complex project. We strongly believe that the £165Million proposed spend over a number of years will provide significant momentum for the local economy and support the project in principle for that reason.

We would be willing to see an additional £10Million committed from the Capital Fund Revenue Reserve to add to the Town Hall Complex Project specifically to ensure that all options can be considered for the new home of the Library Theatre Company if it is decided to move it from it's Central Library base. The Library Theatre Company goes from success to success and must retain it's accessibility and intimacy into the future as a distinctive part of Manchester's theatre culture.

In supporting our schools this year, we will give every possible back-up to schemes which use surplus school balances to develop best practice on pupil attendance and behaviour and which involve their local communities.

A Liberal Democrat Council with the Budget outlined above would offer immediate, prudent support, through the proposed Council Tax reduction, to Manchester residents confronting the recession.

This Budget resolution will also generate a sea change in the way that local priorities are decided - truly involving Manchester residents in making Manchester greater.

The detailed financial costings are set out below as is a revised schedule of reserves showing the impact of proposals:

Impact of Opposition Proposals

	Impact £'000
Reduction in resources:	
Reduction in CT of £50	10,042
Growth Items taken out:	
Establishment of District Working arrangements in Children's services	(100)
Staff consultation	(500)
Manchester Day development	(50)
Partnership Governance	(60)
Not recruit Director of Neighbourhood Services	(128)
Risk Management	(120)
Further Efficiencies:	
Efficiency review of MIP	(500)
Additional savings on URBIS	(60)
Reduction in consultants fees	(1,200)
Increased Income:	
Graffiti recharge to utility companies	(40)
Increased Spend:	
Funded from SIF:	
Reopen 4 post offices	350
One street environment manager per ward	325
Additional Planning Department Conservation officer	41
Neighbourhood Wardens	131
Increase in resources/use of reserves:	
Use of additional General Fund reserve	(5,000)
Use of SIF to fund new schemes (see above)	(716)
Use of SIF to fund Env. Services schemes for 1 more year	(575)
Use of SIF to meet any requirements for AGMA sub regional working that cannot be covered by secondment	(340)
Use of £1.5m of additional £3.5m LABGI receipts in 2008/9	(1,500)
Net Impact on Budget	0

Memo: Other proposals not affecting the net budget requirement:

Set up new Local Works Fund with £2m from the Capital Fund Revenue Reserve
Additional £10m contribution from the Capital Fund Revenue Reserve to the Town Hall Project to support relocation of the Library Theatre
Support schools use of surplus balances to develop best practice

Key to responsibilities: 1 – appropriate Strategic Director, 2 – schools, 3 – Executive (and Council where appropriate), 4 – City Treasurer

	Opening Balance 01/04/09 £	Withdrawals £	Additions £	Closing Balance 31/03/10 £	Who Responsible for use (see key above)	Purpose
<u>EARMARKED RESERVES</u>						
<u>HOSPITALITY AND TRADING SERVICES</u>						
New Smithfield Market Initiative Fund	766,233		8,000	774,233	1	Legal requirement. Set up as a condition of grant aid to build market. To be used for minor renewals, repairs and to meet deficiencies on the revenue account. Any spend has to be agreed by Market Traders and Members
NSM – Car Boot	190,831		124,000	314,831	1	To fund initiatives that will benefit the development of New Smithfield wholesale market (can be drawn down by traders in settlement of service charge)
Investment from Surpluses	227,023		10,000	237,023	1/3	Repayable finance to schools for service improvement. Balance of additional surpluses over the Business Plan target from previous years agreed by members for investment within the catering service
<u>CHILDREN'S SERVICES</u>						
LMS Reserve	11,971,208	1,200,000		10,771,208	2	Schools reserves. These figures are subject to further confirmation by the City Treasurer

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Temple Schools PFI	602,227	2,000		600,227	4	Established to fund the requirements re. PFI contract for the Temple school via our external contractors.
Wright Robinson PFI	549,416		208,597	758,013	4	Established to fund the requirements re. PFI contract for the Wright Robinson school via our external contractors.
Closed school balances	1,024,652	690,000		334,652	4	Closed schools balances
<u>CORPORATE SERVICES</u>						
St Johns Gardens Contingency	372,444	7,500	10,900	375,844	1	Contributions from St Johns Gardens tenants for maintenance works
<u>ENVIRONMENTAL SERVICES</u>						
Cemeteries Replacement	40,000		40,000	80,000	3	To provide additional grave spaces.
Great Northern Square Maintenance Fund	275,319		36,000	311,319	1	Set up in accordance with the agreement with the developers of the site. It will be used for upgrading of the square.
Street Lighting PFI	7,479,804	636,768	282,275	7,125,311	4	Established to fund the requirements over 25 years re. the PFI contract for Street Lighting service via our external contractors
Bus Lane Enforcement Reserve	583,101		200,000	783,101	3	Reserve set aside from income arising from bus lane enforcement powers, which is set aside to support expenditure on transport and environmental improvements
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	£		£		(see key above)	
<u>MANCHESTER PARKING</u>						
On Street Parking	1,798,726	2,095,000	1,780,000	1,483,726	3	Reserve set aside from On-Street Parking surplus's year on year, which is set aside to support expenditure on transport and environmental improvements
<u>REVENUE GRANTS</u>						
European Social Co-op	22,517			22,517	4	Committed to ESF Projects
<u>MANCHESTER CITY GALLERY</u>						
Art Fund	232,694	115,000	113,000	230,694	1	Purchase of Works of Art
<u>CHILDREN'S SERVICES AND ADULT SOCIAL CARE</u>						
Community Care Reserve	1,475,000			1,475,000	4	A fund created to deal with volatility of forecasting expenditure on Care Home Placements
Cleopatra Reserve	1,500,000			1,500,000	4	Reserve to meet potential compensation claims
<u>GENERAL FUND</u>						
Development Fund	3,771,638		221,064	3,902,702	3	To invest in schemes that will pay back investments from savings
LABGI reserve	6,883,799	3,123,163		3,760,636	4	Projects being met from LABGI monies
Unused Dividends Reserve	3,870,000	14,130,000	14,300,000	4,040,000	3	Balance of dividends received not yet used

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Capital Fund Revenue Reserve	22,511,711	32,504,893	17,076,000	7,032,818	3	Council's contribution to major capital schemes
Local Works Fund	0		2,000,000	2,000,000	?	To fund community bids for Capital spend
Service Improvement Fund	7,574,940	7,637,000	2,645,785	2,583,725	4	To fund improvements in Council Services
Pension Risk Fund	172,751			172,751	4	To meet future increases and any pensions liabilities at the end of the Joint Venture
General Fund Reserve	23,450,894	385,000		23,065,894	3	General Reserve
Housing Loans	5,977,253			5,977,253	4	To meet future interest costs
Insurance Fund	18,299,755	200,000	529,047	18,628,802	4	To meet future uninsured losses and self insured costs
Collection Fund	2,292,000	2,292,000		0	4	Surplus on collection fund
City Centre Initiatives Fund	53,619	53,619		0	1	Committed schemes to improve City Centre
<u>Total all General Fund Reserves</u>	123,969,556	70,071,943	39,584,668	93,482,281		

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	Opening Balance 01/04/09 £	Withdrawals £	Additions £	Closing Balance 31/03/10 £	Who Responsible for use (see key above)	Purpose
<u>HOUSING REVENUE</u>						
HRA General Reserve	3,950,000	1,188,000		2,762,000	4	General Reserve
PFI Reserves	34,454,327	20,020,509	21,637,614	36,071,432	4	Smoothing reserve to meet future PFI liabilities
Residual Liabilities Fund	1,530,000			1,530,000	4	To meet possible future claims for environmental contamination
<u>Total all Housing Reserves</u>	<u>39,934,327</u>	<u>21,208,509</u>	<u>21,637,614</u>	<u>40,363,432</u>		
<u>HOUSING CAPITAL</u>						
Major Repairs Allowance	6,250,008	15,347,000	9,436,151	339,159	4	Provides resources needed to maintain value of housing stock