

**Manchester City Council  
Report for Resolution**

**Report To:** Resources and Governance Overview and Scrutiny  
Committee – 22 February 2010

**Subject:** Details of amended budget proposals submitted by the Opposition  
Group

**Report of:** Opposition Group

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**Summary**

The proposed amendment to the Council Tax Resolution in the report of the City Treasurer and Chief Executive to Council entitled 'Council Tax Resolution for 2010/11' is included in this report.

**Report**

**Amendment to the Council Tax Resolution in the report of the City Treasurer and Chief Executive to Council entitled 'COUNCIL TAX RESOLUTION FOR 2010/11'**

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. We are determined to contribute as much as possible to making Manchester an even better city to live in for our residents.

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 and staging of two Manchester International Festivals so far.

Manchester's Liberal Democrat City Council Group are very pleased that one of our members, Councillor Keith Whitmore, is providing political leadership for the Greater Manchester Integrated Transport Authority. The Authority is currently delivering a major expansion of the Metrolink tram system to East, North and South Manchester and to Media City to the west of the city - an expansion that will see the length of the network go up from 37km to 97km.

We are also pleased, as a Group, that another of our members, Councillor Paul Shannon, is the Deputy Leader of the Greater Manchester Fire and Rescue Service. The Greater Manchester Fire and Rescue Service is 'performing well' and 'innovative in it's approach to modernising' according to it's recent Comprehensive Area Assessment. The Service has also recently provided high profile and effective support to the people affected by the Cumbrian floods and the Haitian earthquake.

We have called for and welcome proposals for new investments in City Council services in 2010/11 such as:-

- further expanding our waste and recycling systems in particular to bring food waste and garden waste recycling to doorsteps across the city
- recruiting extra social workers
- investing more revenue and capital monies in the maintenance of our highways and pavements
- and
- increasing our capacity to cope with extreme winter weather conditions

We will be arguing strongly that Manchester residents, who are contributing more funding to the Greater Manchester Police Authority, through a 3 year increase in the Police precept, must see an increase in the numbers of Police Officers on our streets as they have been promised.

Manchester's progress, however, this year is again strongly challenged by the continuing effects of the recent recession adding to 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 it's longer term economic momentum it is vital that the City Council's Budget-setting process reflects the fact that every penny counts for the personal budgets of many Manchester people and the worries that our residents have for the future.

This Resolution therefore proposes to cut the Council Tax by an amount that compensates for the rise in the precepts at all the Council Tax bands - so that nobody's Council Tax bill goes up at all this year.

This resolution also proposes to go further in doing everything possible to help Manchester residents with stretched budgets and to help to keep the city's economy moving, by applying a 'one-off efficiency dividend' at a standard rate of £40 to all those registered for Council Tax.

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:-

- Business Support and Efficiency (£200,000)

- Partnership Governance Administration (£20,000)
- Leisure administration costs (£100,000)
- Manchester Day Development (£200,000)
- Accommodation costs - Alpha House (£21,000)

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 multi-million pound, Manchester Improvement Programme (MIP/AIM), which in part looks to identify City Council savings, should itself be MIP-ped/AIM-med'/subject to a savings review to reduce it's budget by £584,000
- that a reduction in sickness cover costs of £750,000 should be made following the introduction of a new policy to manage absence and working towards 'best practice' levels of sickness
- 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 £1Million reduction is made in the budget of around £5Million for Consultants. This is to support the Council's '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
- that our overpaid budget contribution in recent years to Marketing Manchester should be reclaimed, bringing in £421,000
- that our Corporate Communications budget should be reduced by £500,000 to £5M to avoid sending out publications that duplicate the same information
- that the contract for a second chauffeur driven car be cancelled saving £10,000
- that additional costs in Private Sector Housing be covered by setting an income target of £500,000 to be generated from an expected extension of additional landlord licensing schemes in the city
- the revising upwards of income targets by £500,000 to reflect stepping up the promotion of Council services in support of economic recovery
- bringing forward a review of support services buildings for Street Management and Enforcement to take effect in 2010/11 and to save £400,000

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 £3.5Million 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.

Savings and efficiencies outlined above also allow us to move forward with additional priorities that will strengthen service provision in our local communities as follows:-

- by increasing CASH Grants per Ward by a further £6,250
- by introducing a new CASH Grants Plus scheme of £15,625 per Ward for bids targeted at Highways and Security issues
- by supporting the establishment of a Manchester Youth Choir
- by increasing the spending on drainage clearance and improvement by £421,000
- by instigating a scheme of special grants from a pot of £100,000 to support outstanding voluntary sector youth provision
- by making Council decision making more transparent with the webcasting of Council meetings and Committee meetings

We strongly believe that the City Council achieves the greatest value from the use of its 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

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

- 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 continue work on 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 support up to an additional £10Million being committed to add to the Town Hall Complex Project specifically to ensure that the Library Theatre Company can move to a new home in the Theatre Royal building. The Library Theatre Company goes from success to success and must retain its 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 and efficiency dividend, 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 (Appendix F) showing the impact of proposals:

<b>Impact of Opposition Proposals</b>	<b>Impact £'000</b>
<b>Reduction in resources:</b>	
Keep Manchester's total Council Tax (including precepts) at the same as last year	1,380
Efficiency rebate of £40 to all eligible Households	8,000
<b>Growth Items taken out:</b>	
Children's services – Business Support and Commissioning:	
Increase in accommodation costs to be contained within existing budgets	(200)
Alpha house further cost pressures to be contained within existing budgets	(21)
Sports and Leisure:	
Wythenshawe Forum – increase in administration costs to be contained within existing budgets	(50)
Manchester Sports and Leisure Trust – increase in administration costs to be contained within existing budgets	(50)
Manchester Day – growth not supported, funding can make more impact elsewhere	(200)
Financial management – financial capacity to support partnership governance to be contained within existing budgets	(20)
<b>Further Efficiencies:</b>	
Efficiency review of AIM / MIP	(584)
Reduction in corporate communication budget to avoid duplication	(500)
Reduction in sickness cover costs in line with new policy to move towards “best practice” levels e.g. GM Fire Service	(750)
Reduction on spend on consultants	(1,000)
Cancellation of contract of second chauffeur driven car	(10)
Bring forward review of support services buildings for Street Management and Enforcement to take effect in 2010/11	(400)
<b>Increased Income:</b>	
Private Sector Housing – additional licensing income	(500)
Graffiti recharge to Utility Companies	(40)
Reclaim Marketing Manchester budget share overpaid	(421)
Reduction to overall Economic Downturn shortfall assumptions to reflect increased effort to promote services in support of economic recovery	(500)
<b>Increased Spend:</b>	
Increase CASH grants by £6,250 per ward	200
Introduce new CASH Grants Plus scheme at £15,625 per ward targeted at Highways and Security	500
Support for the creation of a Manchester Youth Choir	100
Increase id drainage clearance and improvement	421
Special grants to support outstanding voluntary sector youth provision	100
Webcasting of Council/Committee meetings	10
<b>Increase in resources/use of reserves:</b>	
Use of Development Fund to cover AIM/MIP costs	(1,965)
Use of unused dividends reserve	(3,500)
<b>Net Impact on Budget</b>	<b>0</b>

**Memo: Other proposals not affecting the net budget requirement:**

Set up new Local Works Fund with £2m from the Capital Fund Revenue Reserve

Move decision making on c£17m Street Environment/Cleansing and Pavement Improvement budgets to

Ward Coordination Committees

Allocate £100,000 from the Carbon Reduction Innovation Fund for an energy SMART meter loan scheme from libraries

Support the use of school balances for schemes that tackle truancy and behaviour problems utilising lessons learnt from national and international best practice

From Capital – new grit bins, at least 5 per ward, and a new Snow Plough/Gritter to Snow Plough dual use on existing vehicles

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

	Opening Balance 01/04/10 £	Withdrawals £	Additions £	Closing Balance 31/03/11 £	Who Responsible for use (see key above)	Purpose
<b><u>EARMARKED RESERVES</u></b>						
<b><u>HOSPITALITY AND TRADING SERVICES</u></b>						
New Smithfield Market Initiative Fund	279,614			279,614	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	750,050			750,050	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	245,343		10,000	255,343	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
Town Hall Reserve	17,278,000	3,129,000	700,000	14,849,000	4	To meet revenue decant costs etc. associated with refurbishing the town hall extension and central library
<b><u>CHILDREN'S SERVICES</u></b>						
LMS Reserve	22,000,000	2,000,000		20,000,000	2	Schools reserves. These figures are based

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						on returns from schools. Recent budget outturns have indicated schools actually utilise substantially less reserves than they anticipate.
Temple Schools PFI	638,368		26,786	665,154	4	Established to fund the requirements re. PFI contract for the Temple school via our external contractors.
Wright Robinson PFI	673,266		112,113	785,379	4	Established to fund the requirements re. PFI contract for the Wright Robinson school via our external contractors.
Area Based Grant Reserve	290,000	229,000		61,000	3	Unspent ABG from 2008/9 set aside for future use
<b><u>CHIEF EXECUTIVE'S</u></b>						
B of the Bang Reserve	330,000	330,000		0	1/3	Reserve to meet costs of B of the Bang removal and replacement
Planning Delivery Grant Reserve	1,730,176	729,000		1,001,176	1/3	Unused grant received in previous years
<b><u>CORPORATE SERVICES</u></b>						
St Johns Gardens Contingency	412,444		32,500	444,944	1	Contributions from St Johns Gardens tenants for maintenance works
<b><u>ENVIRONMENTAL SERVICES</u></b>						

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Cemeteries Replacement	40,625		40,000	80,625	<b>3</b>	To provide additional grave spaces.
Great Northern Square Maintenance Fund	292,053		27,301	319,354	<b>1</b>	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	6,726,269	464,798		6,261,470	<b>4</b>	Established to fund the requirements over 25 years re. the PFI contract for Street Lighting service via our external contractors
Bus Lane Enforcement Reserve	1,047,984		402,000	1,449,984	<b>3</b>	Reserve from income arising from bus lane enforcement powers, which is set aside to support expenditure on transport and environmental improvements
On Street Parking	1,682,288	1,853,000	2,079,057	1,908,345	<b>3</b>	Reserve from On-Street Parking surplus's year on year, which is set aside to support expenditure on transport and environmental improvements
<b><u>MANCHESTER CITY GALLERY</u></b>						
Art Fund	195,144			195,144	<b>1</b>	Purchase of Works of Art
<b><u>ADULT SERVICES</u></b>						
Community Care Reserve	1,900,000			1,900,000	<b>4</b>	A fund created to deal with volatility of forecasting expenditure on Care Home Placements

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TUPE transfer costs reserve	760,000			760,000	<b>1/3</b>	Includes reserve for costs of operational activities associated with staff transfers
<b><u>GENERAL FUND</u></b>						
Development Fund	3,692,242	1,965,000	80,270	1,807,512	<b>3</b>	To invest in schemes that will pay back investments from savings
LABGI reserve	5,797,000	3,147,000	500,000	3,150,000	<b>4</b>	Projects being met from LABGI monies
Unused Dividends Reserve	4,040,000	3,500,000	3,670,000	4,210,000	<b>3</b>	Balance of dividends received not yet used
Capital Fund Revenue Reserve	32,194,454	47,110,000	16,300,000	1,384,454	<b>3</b>	Council's contribution to major capital schemes
Service Improvement Fund	4,910,976	2,940,000		1,970,976	<b>4</b>	To fund improvements in Council Services
Pension Reserves	5,354,245		4,125,000	9,479,245	<b>4</b>	To help meet future pensions liabilities
General Fund Reserve	21,277,000	1,058,000		20,219,000	<b>3</b>	General Reserve
Housing Loans	5,838,715	70,000		5,768,715	<b>4</b>	To meet future costs

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Insurance Fund	17,695,478			17,695,478	4	To meet future uninsured losses and self insured costs
Collection Fund	2,657,000	2,657,000		0	4	Surplus on collection fund
Climate Innovation Fund	0		500,000	500,000	1/3	To cover costs of climate change initiatives
HMRC Assessments	250,000			250,000	4	To meet potential costs associated with future VAT assessments
Productivity Fund	0		2,055,000	2,055,000	3	To pump prime future investment opportunities to achieve further on-going savings
<b><u>Total all General Fund Reserves</u></b>	<b>160,978,733</b>	<b>70,181,798</b>	<b>30,660,027</b>	<b>121,456,962</b>		
<b><u>HOUSING REVENUE</u></b>						
HRA General Reserve	53,738,185		3,428,000	57,166,185	4	General Reserve
<b><u>HOUSING CAPITAL</u></b>						
Major Repairs Allowance	348,964	9,009,000	9,610,966	950,930	4	Provides resources needed to maintain value of housing stock