

Finance Scrutiny Committee

Minutes of the meeting held on 25 February 2016

Present:

Councillor Ollerhead In the Chair
Councillors Barrett, Collins, Cooley, Connolly, Davies, Hassan, Lanchbury, and Siddiqi

Councillor Flanagan, Executive Member for Finance and Human Resources
Councillor Leese, Leader of the Council
Councillor S. Murphy, Statutory Deputy Leader
Councillor Priest, Deputy Leader
Councillor Battle, Executive Member for Culture and Leisure
Councillor N Murphy, Executive Member for Neighbourhoods
Councillor S Newman, Executive Member for Children's Services
Councillor Chappell, Executive Member for the Environment
Councillor Andrews, Executive Member for Health and Wellbeing
Councillor Reid, Chair of Young People and Children Scrutiny Committee
Councillor Teubler, ward member for Didsbury West

Apologies: Councillors Nasrin Ali and Russell

FSC/16/14 The Council's Budget 2016/17

The Committee met to discuss the Council's proposed budget for 2016/2017. All members had received the 2016/2017 Executive Budget Papers Document Pack which had been considered by Executive at its meeting on 17 February 2016 and had received the minutes of that meeting. There were no proposed budget amendments. In addition members received a report entitled 'Response to Budget Proposals' which detailed the issues raised during the public consultation round. The report was received late as the public consultation did not close until Friday 19 February 2016. The report was accompanied by a background document which provided the open text response to the consultations (with personal information redacted) which members had requested. The Chair noted that the meeting would follow the procedure as outlined in the agenda. The Executive Member for Finance and Human Resources noted that he was accompanied by all of the Council's Executive Members who had attended in order to answer any questions relating to their remits.

- 4 (i) The Committee will receive a Statement by the Executive Member for Finance and Human Resources on the Executive's budget proposals and the key issues underlining the budget process

The Committee received a statement by the Executive Member for Finance and Human Resources on the Executive's budget proposals and the key issues underlining the budget process. He said that the budget setting process had been difficult and officers had started working on current proposals in September 2015. He said that government cuts to the Council's funding over recent years totalled £337 million and had resulted in the Council losing over a third of its staff. The Executive

Member for Finance and Human Resources said that since the cuts had started they equated to an average cut of £470 per dwelling for Manchester residents compared to an average cut of £15.90 per dwelling for Surrey residents. He added that this year Surrey had been awarded transitional funding due to increased cuts which were still less than the cuts made to Manchester; and yet Manchester City Council were refused transitional funding. He confirmed the Council were proposing to increase Council tax due to budget pressures. Members were advised the Council were proposing to introduce the new 2% increase which was ring-fenced for Adult Social Care, but that this would only contribute £2 million towards a budget pressure of £7 million. He added that the Council were also proposing to increase Council tax by a further 1.99%.

The Leader added that Council Tax increases were never popular but that despite the proposed increase Manchester's Council Tax charges remained amongst the lowest in the country. He added that Manchester Council had the second lowest Band D charges within Greater Manchester; and the only Council which charged less had received transitional funding support from the government. Secondly within the budget proposals the Council had identified keeping the city clean, highway maintenance and pavement repairs a priority amongst residents and residents had supported this in the public consultation. He thanked officers who carried out the public consultation exercise.

A member queried whether any further staff cuts were planned; and how many staff the Council currently employed. The Executive Member for Finance and Human Resources responded that the current budget proposals allowed for staff reductions of approximately 50 or 60 Full Time Equivalent (FTE) but that no Voluntary Severance (VS) or Voluntary Early Redundancy (VER) schemes were planned and the reductions would occur via natural wastage, for example, not replacing staff as they left. The Deputy City Treasurer confirmed the Council currently employed approximately 4,900 staff across three directorates.

The Chair noted the governments offer to local authorities to set a four year budget and queried whether the Council were pursuing this and whether the 1.75% assumed Council tax increase based on the government's formula was mandatory. The Executive Member for Finance and Human Resources confirmed that the Council would start exploring and consulting on this option over the summer months. He explained that the proposals allowed for further cuts to be spread over the four years but that a high proportion of cuts would still be required in year one. The Leader advised that in respect of Council Tax the government had made assumptions that top tier authorities would adopt the newly introduced 2% annual increase to pay for Adult Social Care in addition to equivalent Council Tax increases in line with the Consumer Price Index (CPI); but that this was not mandatory.

4(ii) The Committee is invited to consider any issues arising from individual Business Plans that chairs of scrutiny committees wish to draw specific attention to.

A report entitled 'Budget and Business Plans 2016/17-2017-18: Comments of Overview and Scrutiny Committees' had been provided to the Council's Executive at its meeting on 17 February 2016 and was included in the 2016/17 Executive Budget

Papers Document Pack which had been provided to all members. All of the Council's Scrutiny Chairs were invited to the meeting to raise any concerns their members may have regarding the Council's Business Plans.

The Chair of the Young People and Children Scrutiny Committee noted it had been a difficult couple of years for Children's Services; particularly following an inadequate rating from Ofsted. She welcomed the additional funding the Council had given to the Children and Families Directorate to respond to the issues raised by Ofsted but was concerned that there would still be funding pressures when this 'one-off' funding ran out. The Executive Member for Children's Services agreed that the budget for Children's Services was under pressure coupled with a continued increase in the numbers of children in the city. She stressed the importance of effective early intervention, early help and making sure that families on the edge of care received appropriate support. She noted that the Council was making steps to reduce the numbers of Looked after Children (LAC) in its care and was making savings as a result of this.

(iii) The Committee is invited to consider issues raised during the public consultation round.

Members considered the report entitled 'Response to Budget Proposals' accompanied by a background document which contained the open text responses to questions in the budget consultation, with personal information redacted. The Head of Strategic Communications introduced the report across its main themes. She described Phase One which promoted the context of the budget; and Phase Two which encouraged participation and further engagement. She explained the approach was informed by the lessons learnt from the previous years' consultation and consisted of a strong digital approach and a considered offline presence. She added that the number of both online and offline responses had nearly doubled from the previous year.

Members thanked officers for producing the report quickly following the closure of the consultation on Friday 19 February 2016; and welcomed the increased response rate. A member requested a breakdown of how many people had requested the information in different formats at an appropriate time. A member asked whether the free text responses provided could be organised better in future or paginated. She added that it was not clear from the report whether comments were positive or negative. The Performance Manager explained the rationale behind the report and how the open text responses helped explain the report. He agreed to introduce pagination in future.

A member noted that individual questions would be responded to and the Head of Strategic Communications confirmed that where contact details had been provided this would be done. Members discussed the fact that some residents did not fully understand what Council Tax was used for and asked how the Council could be clearer on communicating what it was spent on. The Executive Member for Finance and Human Resources responded that the open text responses would be circulated to Executive Members in order to address any issues within their respective portfolios. The Head of Strategic Communications advised that where comments had been made by residents via social media which were clearly incorrect they were

robustly challenged and the Council would continue to do this. She confirmed a full evaluation of the consultation would be made and the lessons learnt applied to future consultation exercises.

Members discussed postcodes and queried whether responses from Manchester residents were given priority over non Manchester residents; noting that 20% of respondents did not provide a Manchester postcode. The Performance Manager explained that this was made up of 10% who did not give any postcode and 10% who gave either a postcode that was not recognised or one that was outside of Manchester. The Strategic Head of Communications added that the statutory element of the consultation is for business rates payers and many people who lived outside of Manchester paid business rates for properties within the city. The Executive Member for Finance and Human Resources said that everyone who had an interest in the city should be listened to.

A member noted the 0% response rates for some Black and Minority Ethnic (BME) groups and said we needed to do more to engage with these groups. The Head of Strategic Communications agreed adding that the Council had carried out targeted consultation with these groups as a result of low response rates and this will form part of the evaluation for future consultations. The targeted approach had resulted in more people from these groups accessing the consultation than previous years; but they had still not completed it. The Chair noted that 39% of respondents were from South Manchester and queried how a more representative sample of respondents from across the city could be obtained. The Strategic Head of Communications advised that targeted consultation had also been carried out with residents in North and East Manchester and Wythenshawe. She added that over 1000 residents had started the consultation but had not finished completing it. In response to a query from the Chair the Strategic Head of Communications advised that the analytical data provided from the consultation only revealed the website the respondent had accessed the consultation from rather than the physical location of respondents. The Chair asked officers to explore the possibility of improving the analytical data to include the respondent's ward within future consultations.

The Chair queried what the outcome of negotiations with Clinical Commissioning Groups (CCG's) had been regarding the Council's budget. The Leader responded that discussions were still ongoing and outcomes would be reported back to members once known. He said that operational budgets would commence on 1 April 2016 but the Council was taking steps to agree a five year plan with the CCG's; which was also linked to Greater Manchester Health Devolution. He added that the negotiations had not resulted in any required changes to the Councils budget proposals at this point in time.

The Chair asked whether the taskforce for clean streets would still commence operation from 1 April 2016. The Executive Member for Neighbourhood Services confirmed that it would. He added that this was still a priority and would include an increased emphasis on enforcement activity. He noted that the consultation demonstrated that residents supported increased fines for fly tipping. A member asked how the Council could ensure that fines were proportionate to the costs involved in addressing the problem. The Executive Member for Neighbourhood Services described the enforcement activities the Council undertook including Fixed

Penalty Notices (FPN). He added that the Council could pursue persistent offenders through the Magistrates Court; and where financially viable the Council would seek to recoup costs. In response to a query regarding fly tipping by businesses he responded that all businesses were required to have waste contracts in place.

(iv) The Committee is invited to receive a statement from the Executive Member for Neighbourhoods regarding the Housing Revenue Account calculations and to consider any amendment proposed in relation to the Housing Revenue Account 2016/17 to 2018/19.

The Chair noted that the statement regarding the Housing Revenue Account (HRA) would be made by the Deputy Leader with portfolio responsibility for this area; rather than the Executive Member for Neighbourhoods as noted on the agenda.

The Deputy Leader advised that the HRA was a ring fenced element of the Council's finances that was largely generated from rents paid by tenants for houses that were still owned by the Council. He advised that the majority of the Council's housing stock had been transferred to independent housing providers but that some properties were still owned by the Council. In the North of the City Northwards carried out the management of the Council's properties and in other areas Private Finance Initiative's (PFI's) existed where the Council held contracts for major regeneration and management with a consortia of companies.

The Deputy Leader noted there had been quite a lot of unnecessary uncertainty over the previous year regarding HRA funding. The government had introduced many changes including restrictions on rent levels which was good for tenants but resulted in reduced income to the Council from HRA funding.

A member noted that government restrictions on capital investment for social housing had restricted the Council from spending money in the areas it wanted to. She noted the importance of communicating this to residents. The Deputy Leader agreed adding that it was important the Council explored other ways of obtaining funding. He described an initiative undertaken in Chorlton Park with the Greater Manchester Pension Fund (GMPF).

A member asked what impact the UK leaving the EU would have in respect of borrowing from the EU at preferential rates. The Deputy City Treasurer agreed that terms would need renegotiation and would be more challenging.

(v) The Committee is invited to consider any amendments to the budget proposals.

No amendments to the budget proposals were received.

(vi) The Committee is invited to summarise its findings and formulate its recommendations to the Council meeting on 4 March 2016.

Decisions:

1. To endorse the proposed Budget 2016/17, as set out in the documents considered by the Committee.
2. To request that officers explore the possibility of obtaining ward specific analytics prior to the next consultation exercise regarding the Council's budget.
3. To request that members be updated once the outcome of negotiations with the Clinical Commissioning Group's (CCG's) in Manchester are known.

[Councillors Hassan and Collins declared personal interests as Council appointed members of Northwards Housing Board]