

## **Economy Scrutiny Committee**

### **Minutes of the meeting held on 17 December 2014**

#### **Present:**

Councillor Green – in the Chair  
Councillors Davies, Ellison, Hackett, Hacking, Karney, Manco, Moore, Ollerhead  
[Present for items ESC/14/58 onwards], Shilton Godwin, Simcock, Smitheman and Wilson.

Councillor Flanagan, Executive Member for Finance and Human Resources  
Councillor Leese, Leader of the Council  
Councillor S Murphy, Deputy Leader of the Council

#### **Apologies**

Councillors Raikes, Razaq, Richards and Stogia

#### **ESC/14/57                      Minutes**

#### **Decision**

1. To approve the minutes of the meeting held on the 19 November 2014.
2. To note the minutes of the meeting of the Living Wage Task and Finish Group held on 8 October 2014 and 1 December 2014.

#### **ESC/14/58                      2015/17 Budget Options**

The Committee considered a report on the 2015/17 Budget Options. The report provided contextual information on the areas of the Council's budget which the Committee requested following its meeting in November. Officers requested that the Committee identify further areas it wished to consider in more detail at its January 2015 meeting. The Strategic Director, Strategic Development introduced the report and explained that it focused on the economic elements of the areas identified.

The Committee discussed the budget proposals in broad terms. Members emphasised that the Council was in an extremely difficult position, and had to make budget reductions, including workforce reductions, which were unwelcome and would have a negative impact on the city. Members noted that as the Committee had a remit which would be affected by budget reductions made across the Council, often in the long term, it was extremely difficult to assess what the impact would be. The Executive Member for Finance agreed and said the budget reductions would affect the whole economy in Manchester and the North West, particularly in comparison to the south of the country.

The Committee considered each identified area in turn. The Committee discussed Marketing Manchester. The Strategic Director clarified that the funding reduction should be £130,000, as in the Corporate Core Budget Options paper, not £150,000.

The Committee were particularly concerned to understand what the impact of this saving would be, given the role of Marketing Manchester to sell the city and promote it in a way that brought money into the city. A member noted that it was the role of scrutiny to help the Executive understand the unintended consequences of its decisions, and to understand if a decision designed to make short term savings would result in long term costs. He noted that the report did not contain enough information to make that judgement. The Leader clarified that the funding to Marketing Manchester in question was for internal communications for the Council, and not related to the funding that Marketing Manchester used to promote the city. He noted that as Marketing Manchester was now part of the Manchester Growth Company and had relocated, it would be able to make efficiency savings. The Committee noted this information.

The Committee discussed income generation. Members were disappointed with the lack of detail provided in the report. The Strategic Director explained that there was some work within the Growth and Neighbourhoods Directorate being undertaken on this, but it was at the early stages. The Executive Member for Finance and Human Resources agreed with members that more information would be helpful and this was an area where the Council could focus more, although he also emphasised that it was not possible to fill the gap in funding with income generation alone. The Committee requested more information on this.

The Committee discussed reform and innovation. The Leader explained that this team used to be known as the transformation team, and the option under discussion would create a task force style team to bring about necessary changes in teams and departments across the Council. The Committee felt that they did not have enough information to make a judgement on which of the three tier options would be best so requested more detailed information on the work of the current team and how each tier would work in practice for the January meeting.

The Committee discussed the section on Neighbourhood Focus and the implications for regeneration. The Leader asked the Committee to note that work to determine how this would work in practice was still ongoing. The option under consideration was to create a citywide regeneration function, but how the neighbourhood focus would be retained had not yet been determined. He said that the service could make an estimated 6% of efficiency savings, so any budget reductions beyond that would mean a reduction in service. The Committee asked for more detail on how this would work in practice to be provided in January, particularly on the impact that the changes would have on residents. The Deputy Leader suggested that the Committee also consider Work and Skills in more detail, as the centralisation of this element of the function would have a positive effect, which the Committee agreed to. A member also asked for clarity on how the Council would prioritise which areas would receive targeted work and how this would work in practice.

The Committee discussed Galleries and cultural grants. Members felt that this section did not provide detail of what the options for budget reductions were. The Leader said the most significant proposal was to reduce the grant for the National Football Museum. The Committee noted that this fell outside of its remit and agreed to refer it to the Neighbourhoods Scrutiny Committee for more detailed consideration.

The Committee discussed the Council's Operational Estate. The Strategic Director explained that this element of savings was part of a five year strategy of significant property rationalisation across the Council. As the Council's workforce reduced and better ways of working were introduced, the Council could reduce its property portfolio and make savings. The Leader added that final decisions on this area could not be made until decisions about other elements of the budget were made, for example proposals within the Children and Families directorate to move elements of children's services into Sure Start Centres and to co-locate some adult services in NHS buildings. The Committee noted that this was within the remit of the Finance Scrutiny Committee and agreed to refer this for further consideration to that Committee.

The Director of Education and Skills provided a verbal update to the meeting on Early Help. He said that this was largely within the remit of the Young People and Children Scrutiny Committee and its focus was on ensuring that the number of referrals to the Council was reduced which would therefore reduce the volume of work within children's services. The Early Years new delivery model involved outreach and health visitors. The Head of Regeneration explained that the elements of the Early Years and Early Help offer that were associated with parents and family members accessing skills and moving into work were linked to the Committee's interests in terms its focus on work and skills. The devolution agreement would provide opportunities to develop more appropriate skills and employment support for these groups. The Leader added that there was a piece of work being undertaken to map the programmes which support families and individuals with complex dependency, in relation to the Work Programme and the plans for devolution, to ensure that they are all joined up. The Committee requested more information on this at the January meeting.

The Director of Education and Skills then provided a verbal update on Early Years, focusing on worklessness and economic benefits. He explained that independent modelling had been carried out on the Early Years new delivery model, which showed that in the short term, the model increased the likelihood of the parents accessing employment, but in the long term there was evidence that it increased the employment prospects of the child when they entered the labour market. The model had three elements: the healthy child programme for all children under 3; assertive targeting of universal services; and higher level interventions related to parenting and speech and language development. This higher level intervention was the element that would be affected by this budget proposal. Under the current model, 25% of the city's children (and their families) would be expected to access these higher level interventions at some point between the ages of 0 and 5, and under the savings option it would be reduced by a third. The Director of Education and Skills said the evidence for the benefits of this model were based on similar interventions elsewhere and positive results in three pilot areas which, while small scale and short term, showed qualitative evidence of the parents engaging in skills development activity. But, he said, it was extremely difficult to identify quantitative predictions of long term impact. The Leader added that the Manchester Independent Economic Review had found that investment in early years was the single biggest requirement for impact in long term employment prospects. The Committee agreed to request further detail on this at the January meeting.

The Committee then considered the options relating to the Manchester Adult Education Service (MAES). The Director of Education and Skills said that the saving in the budget options report of £343,000 was only the Council's contributions to MAES and the service would also face a reduction in funding from the Skills Funding Agency (SFA) of approximately £600,000. The Head of MAES provided more detail on this. She explained that the SFA worked to the academic year, so the funding for 2015/16 would not be confirmed until approximately March 2015. It was estimated that the national reduction in funding would be 16% of non-apprenticeship related work, which was what MAES delivered. Two years ago, MAES revised its curriculum to only provide learning focused on getting people into employment, and no leisure provision at all. MAES also worked closely with partners, particularly in neighbourhoods, to ensure that they were all working efficiently and not duplicating activity. She estimated that MAES would have to reduce its provision by about 2000 people from the current academic year. The Deputy Leader added that MAES's work was at the heart of what needed to be achieved in the city.

The Committee discussed how MAES would focus on different areas of the city, as there were pockets of deprivation in all wards of the city, even those that were otherwise average. The Leader agreed that the basis on which the Council targeted services did need to be considered further, for example in the past regeneration has taken wards as a basis, but focusing on neighbourhoods might be more effective. The Committee requested that further detail of the budget reductions MAES was facing, including a greater understanding of the impact this would have on residents.

## **Decision**

1. To request that the following is submitted to the January 2015 meeting of the Committee:

**Income generation** – More detail on this work, including what the Council is doing already and what potential there is to do more.

**Reform and innovation** – More information on the impact that each of the three different options presented would have.

## **Neighbourhood focus and the implications for regeneration**

- Further detail on the impact that the proposed future model of Neighbourhood Working would have in the city.
- As much understanding as possible of the ways in which residents would be affected by these changes.
- Clarity on how the targeting of particular areas would work and the impact of it.
- Particular focus on the implications of the work and skills elements within this, including consideration of the potential improvements that the centralisation of this work could lead to.

## **Early Years in terms of its impact on worklessness**

- More detail on potential impact that reducing early years support could have on worklessness in the city.

- To include as much evidence as is available on the impact, both long and short term (understanding that this evidence is limited, particularly regarding long term impact)
- Positive examples of where this work of has made a difference to help understand its impact.

**Mapping exercise** - Detail of the exercise being undertaken to map the programmes which support families and individuals with complex dependency, in relation to the Work Programme and the plans for devolution, to ensure that they are all joined up.

**Manchester Adult Education Service (MAES)**

- More detail on the impact of reductions in budget
  - To include detail of the predicted changes to skills funding and its impact.
2. To refer detailed consideration of galleries and cultural grants to the Neighbourhoods Scrutiny Committee.
  3. To refer further consideration of the Council's Operational Estate to the Finance Scrutiny Committee.

**ESC/14/59                      Overview Report**

The Committee considered a report of the Governance and Scrutiny Support Unit which provided a summary of the key decisions due to be taken that are relevant to its remit, an update on actions taken as a result of recommendations and the current work programme. The report also included the latest Real Time Economy Dashboard.

**Decision**

To agree the work programme.