

Resources and Governance Scrutiny Committee

Minutes of the meeting held on 8 September 2016

Present:

Councillor Ollerhead - in the Chair

Councillors Barrett, Collins, Connolly, Davies, Karney, Lanchbury, Russell, Simcock, Teubler and Lone

Councillor Priest, Deputy Leader

Apologies: Councillor Siddiqi

RGSC/16/21 Minutes

The Committee considered the minutes of the meeting held on 21 July 2016 and the minutes of the HR Subgroup held on 28 July 2016. A member requested the apologies to the HR Subgroup meeting be moved down the page to make it clearer.

Decisions:

1. To approve as a correct record the minutes of the meeting held on 21 July 2016
2. To note the minutes of the HR Subgroup meeting held on 28 July 2016, subject to the above amendment.

RGSC/16/22 Corporate Property Annual Report

The Committee received a report of the Strategic Director (Development) which covered the Council's Property activity over the last 12 months. It reviewed activity in Development and Investment; the Heritage Estate and the Operational Estate and provided information about the strategy and initiatives to bring Heritage buildings back in to use. The Strategic Director (Development) introduced the report across its main themes.

Members welcomed the report. In respect of a member's query regarding the vacant BHS Property at the Arndale Centre officers advised that discussions were in progress regarding the future use of the building but were commercially sensitive and information could not be disclosed at the present time. The member added that lots of residential development was planned citywide and requested that councillors receive updates in terms of numbers of residential units proposed for development within their particular wards.

In respect of a member's query regarding Wythenshawe town centre officers advised that whilst many retail units were let the offices above were less well-utilised. Officers further advised that the lets in place within the retail units were increasingly short term. They added that an independent audit had been instigated to verify the income received from these units. In response to members' queries officers provided clarification on how the Council managed contracts with the management company.

The Head of Development advised that contracts had been reviewed and improved as part of the retender process which would make them easier to enforce.

Members suggested that companies may be attracted by cheaper office accommodation outside of the city centre. A member suggested that businesses be encouraged to re-locate to Wythenshawe town centre with the potential of moving to the airport city development in the future. The Strategic Director (Development) added that part of the Council's wider strategy included consideration of the best use of property and supporting economic growth outside of the city centre. He noted that Economy Scrutiny Committee had established a Subgroup to review District Centres, which included Wythenshawe Town Centre. He added that the Wythenshawe Plan has recently been agreed and described the Sharp Project in Newton Heath which had been very successful in attracting start up businesses. In response to a further query he responded that in addition to the District Centres the Council's priorities outside of the city centre included the Northern and Eastern gateways.

Members discussed the Council Property Asset Database (CPAD) system which enabled them to view Council owned property across the city. A member noted that members of the Resources and Governance Scrutiny Committee had access to and training on how to use CPAD, but noted that all members would find a list of Council owned property in their ward useful. Officers responded that CPAD was the preferred method of viewing property as it provided the most up to date information. Due to the high turnover of property any lists would become out of date as soon as they were printed. Members agreed that a refresh of CPAD training for all members was required.

A member enquired whether the Council would consider purchasing properties that were vacant, in particular those that were hard to let. The Head of Development advised that any hard to let properties were reviewed on a regular basis and explained the rationale behind this. He encouraged members to notify officers if they become aware of properties becoming vacant in their wards. A member enquired what steps the Council took to maintain small plots of land that it owned. Officers advised that land was maintained as required; for example if health and safety issues arose.

In response to a member's query regarding what had not gone so well the Head of Development described the frustrations posed by property development and transactions. The Strategic Director (Development) added it was a challenge to retain talented staff and noted the importance of consistent investment over time in the operational estate, for example ensuring stock condition surveys were carried out regularly.

A member asked for further information regarding the reference to 'Rights to Light' contained within the report. The Head of Development explained that the Council was using its powers working with commercial and residential developers to prevent right to light claims from delaying development by use of an injunction. He added that parties could still make a claim for compensation. Each case was carefully considered on its merits in accordance with the strategic priorities of the Council and only used in appropriate circumstances.

In response to a member's query regarding an omission from the heritage buildings contained within the report the Head of Cultural Development explained that the list was purely for illustration and was not comprehensive. In response to a member's query regarding the Housing Investment Fund the Strategic Director (Development) advised this had been superseded by the Greater Manchester Housing Investment Fund and would be referred to as the Matrix Partnership in future to avoid any confusion.

Members discussed the Council's outsourced property management contract; which was currently held by Jacobs but subject to re-tender at the present time. Members requested an item for information be provided to the Committee regarding this once the re-tendering process was complete.

Decisions:

1. To request that all councillors receive a summary of proposed residential development, including numbers of units proposed, within their wards.
2. To request an item for information be provided to the Committee regarding the Council's outsourced property management contract once the re-tendering process is complete.
3. To request that all members receive training and access to the Council's CPAD system.

RGSC/16/23 Council surplus land values

The Committee received a report of the Strategic Director (Development) and the City Treasurer which addressed an issue raised at Audit Committee about the substantial adjustment in the value of the Council's surplus land, the background to this issue and the lessons learnt. Members noted that lessons had been learnt, as contained within the report.

Decision:

To note the report

RGSC/16/24 Section 106 Agreements and Community Infrastructure Levy (CIL) Agreements

The Committee received a report of the Head of Planning, Building Control and Licensing which provided members with an overview of activity relating to S106 agreements during the last financial year. The report also includes information on the Community Infrastructure Levy (CIL), an option introduced by the previous Government, which has a direct bearing on how local planning authorities negotiate S106 agreements. The Head of Planning, Building Control & Licensing introduced the report across its main themes.

A member queried in respect of Section 106 who took the decision to spend locally; and whether there was a case for ward co-ordination to get involved. The Head of

Planning, Building Control and Licensing provided clarification on this and explained that there was now little discretion regarding how Section 106 monies could be used.

A member questioned how up to date the information was, since she was aware of some projects within the 2015/16 period which had now commenced. The Head of Planning, Building Control and Licensing offered to provide a more recent update to members for information.

A member challenged the Council's decision not to implement CIL and questioned the rationale behind this, and at what point the introduction of CIL would become viable. She added that she understood Manchester was attractive to investors. The Head of Planning, Building Control and Licensing advised that any decision to implement CIL would be an Executive decision but that officers would inform this decision through viability work. The Planning and Infrastructure Manager advised that a report was submitted to Executive in July 2015. The report recommended that since both CIL and the local plan review required viability work it may be prudent to carry out both simultaneously. He advised the Executive accepted this recommendation, adding it was difficult to demonstrate the viability of CIL since it was assessed at the time it was set, and then was unable to take account of changes in market conditions.

In response to a member's query the Planning and Infrastructure Manager responded that Section 106 and CIL could not be used simultaneously, and once the level of CIL was set it was not that easy to change. He said the Council could currently recoup more monies through Section 106 than it was likely to should it implement CIL. The Leader said that had the Council set a CIL over the last five years it was unlikely that any development would have taken place. He added that Trafford was the only local authority in Greater Manchester to have adopted CIL, and at present its rate was set at zero for many types of development.

A member queried the outstanding debt of Section 106 monies. The Head of Planning, Building Control and Licensing assured members that all outstanding monies were pursued and that collection rates had increased over recent years. She explained that most payments were triggered when development commenced, so where there were delays to development this may impact on the monies received by the Council. She added that sometimes phased payments were used instead.

The Chair referred to the Appendix, which provided a list of Section 106 agreements broken down by ward. He raised concerns that some monies may be lost were they not spent within the appropriate timescale. The Head of Planning, Building Control and Licensing explained that the money was held in trust by the Council until the point of spend and a clear gateway process was in place to ensure that any monies were either spent or protected. She acknowledged that the Red Amber Green (RAG) rating used on the list was misleading and advised she would check this and re-circulate the list to members. The Chair requested that once updated the list be provided to all members in order that they could have appropriate oversight of developments and Section 106 monies within their wards. The Deputy Leader assured members that the Council was spending or protecting Section 106 monies where possible and that if members had queries regarding particular cases these

could be investigated individually. Officers added that sometimes re-negotiations were made.

A member said that there was some confusion in her ward amongst officers regarding what section 106 monies were available. The Chair requested that the updated list also be circulated to ward co-ordination and other officers as appropriate. The Head of Planning advised that a briefing note regarding Section 106 processes had been circulated to ward co-ordination officers in the past and she would also re-circulate this.

Decisions:

1. To request that the current position in respect of Section 106 monies be circulated to members of the Committee for information
2. To request that the Appendix, which provided a list of Section 106 agreements broken down by ward, be reviewed and updated and circulated to all members, ward co-ordination officers, and other relevant officers. To note that a briefing note on Section 106 processes and monies would also be circulated to ward co-ordination officers,

RGSC/16/25 Business Rates Pilot

The Committee received a report of The City Treasurer which provided Members with information on the Greater Manchester Pilot for 100% Business Rate Retention, the current government consultation and the impact on the Council's budget. The City Treasurer introduced the report across its main themes. She explained that the government had guaranteed that the Council would not be worse off by participating in the pilot, so for budget setting purposes it is assumed that the current arrangements are still in place.

The city treasurer explained the current pooling arrangements for business rates include Greater Manchester and Cheshire East and those local authorities which recouped more than their baseline paid a levy to central government for any additional growth. She added that Cheshire, Stockport and Trafford had paid additional levies that were now retained within gm through the pool.

She explained that the new system would still be a system of tariffs and top ups determined by a fair funding formula. The leader said that the government consultation covered both how business rates system will operate and the fair funding formula and the council was preparing a response to these consultations. The leader added that he sat on a number of groups which were considering the proposed changes to business rates including a local government association (lga) task and finish group; and there was a lot of technical considerations involved.

A member asked for further information on the provision for the Mayor to increase business rates. The Leader responded that where mayoral combined authorities existed there was the provision for the mayor to levy an additional 2% for infrastructure investment but there were still lots of unanswered questions including what qualified as infrastructure investment, what approvals the mayor would require, and how often increases could be made.

A member queried who the government was consulting with and whether this included businesses. The City Treasurer responded that any interested parties could participate in a central government consultation process and the Council was currently working with New Economy (an organisation working on behalf of Greater Manchester's Combined Authority and Local Enterprise Partnership to deliver policy, strategy and research to support economic growth) to provide a response. She added that this involved technical financial analysis of the options and consultation with core cities and Association of Greater Manchester Authorities (AGMA). The Chair asked that an item for information be provided to the Committee on the proposals for business rate retention at an appropriate time.

Decision:

To request an item for information on the proposals for business rates retention at an appropriate time

RGSC/16/26 The Council's Budget Response to the result of the EU referendum

The Committee receive a report of the City Treasurer which provided members with an update on the implications for Greater Manchester's European Structural Investment Funding (ESIF) following the EU Referendum vote and the recent announcement from the Chancellor of the Exchequer on the steps the Treasury is taking to address the uncertainty surrounding European funds that has been in place following the EU referendum.

The Leader advised that New Economy (an organisation working on behalf of Greater Manchester's Combined Authority and Local Enterprise Partnership to deliver policy, strategy and research to support economic growth) were leading on work with stakeholders within the city to develop proposals for economic growth following the outcome of the EU Referendum.

The Leader agreed with a member's comment that it was important not only to ensure that appropriate funding for Greater Manchester was secured post Brexit; but also to secure the continued collaboration of universities and research projects across Europe. Members discussed the issue of EU Directives and a potential lack of regulation post Brexit. The Leader said that many businesses wanted fair regulation rather than no regulation and the Council was working with the private sector. Members raised concerns regarding the implications for international students and the free movement of labour going forward.

In response to a member's query the Leader advised that the government would confirm funding for any projects contracted prior to its Autumn Statement; but that lots of projects would not be contracted by then. He advised that the Council would not be picking up costs of making people redundant as a result of projects not going ahead, moreover that those jobs would not be created in the first place.

The Leader added that the government had recently announced two ministers with responsibility for the Northern Powerhouse who the Council would be engaging with.

Members agreed that further information may be forthcoming following the Autumn Statement and agreed to continue to request monthly updates on this subject.

Decision:

To continue to receive a monthly update on the Council's Budget Response to the result of the EU referendum

RGSC/16/27 Overview Report

This report contained the details of the key decisions due to be taken within the Committee's remit and updates on the recommendations of the Committee. The Committee's work programme was included as an appendix. The report also included details of any key decisions that the Chair would be asked to exempt from call in.

The report on Brexit Update had been received late for the meeting because...

The Chair suggested that since the Committee would be receiving a further report on the Town Hall refurbishment it may be prudent for members to request a guided tour of the building, including emergency facilities.

Decisions:

1. To agree the work programme, subject to the above addition.
2. To request that the Committee Support Officer arrange for members to attend a tour of the Town Hall, including emergency facilities.