

Resources and Governance Scrutiny Committee

Minutes of the meeting held on 5 January 2017

Present:

Councillor Ollerhead - in the Chair

Councillors Barrett, Cookson, Davies, Karney (RGSC/17/01-06), Lanchbury, Russell, Siddiqi, A Simcock, Strong and Lone

Councillor Leese, Leader

Councillor Flanagan, Executive Member for Finance and Human Resources

Councillor Battle, Executive Member for the Environment

Councillor Wilson, Manchester representative to Association of Greater Manchester Authorities (AGMA) and member of the working party which carried out a review of scrutiny at the AGMA level.

Susan Ford, Policy Manager, Greater Manchester Integrated Support Team (GMIST)

Apologies: Councillors Ahmed Ali, Connolly and Teubler

RGSC/17/01 Minutes

Councillor Barrett requested his apologies be included in the minutes of the meeting held on 8 December 2016.

Decisions:

1. To approve as a correct record the minutes of the meeting held on 8 December 2016, subject to the above amendment.
2. To note the minutes of the Human Resources Subgroup meeting held on 24 November 2016.

RGSC/17/02 The Financial Settlement

The Committee received a report of the City Treasurer which detailed the key announcements from the Provisional Local Government Finance Settlement which was issued on 15 December 2016. It also summarised the recent announcements regarding funding for Schools and Early Years. The City Treasurer introduced the report across its main themes. She noted that the Council had lost more from the changes to the New Homes Bonus than it had gained from the Adult Social Care Grant. The Executive Member for Finance and Human Resources expressed disappointment with the funding settlement; in particular with the lack of funding for Adult Social Care which had implications for many residents.

A member thanked the Executive Member for outlining the impacts of the funding cuts on the residents of Manchester. He noted that the Council would increase its Council Tax in order to ensure it had adequate funding for health and social care which he felt should be adequately provided for within the Financial Settlement instead. A member raised concerns around the reduction in funding to schools and asked whether more information could be provided regarding this. Members noted

this came within the remit of Children and Young People Scrutiny Committee but agreed that an update should also be provided to Resources and Governance Scrutiny Committee members for information. The Executive Member for Finance and Human Resources advised he had attended the recent Children and Young People Scrutiny Committee meeting to provide an update on the Financial Settlement. He advised that all Manchester Schools had been encouraged to participate in the consultation process and make individual representations to government regarding the funding cuts.

A member recommended that the Executive Member for Finance and Human Resources petition the government around both the lack of adequate social care funding and the cuts to funding for education on behalf of the Council and the residents of Manchester.

The Chair queried whether any data was available regarding appeals made in respect of the New Homes Bonus. The City Treasurer advised she was not aware of any data at the present time but could provide this to a future meeting, to which the Chair agreed.

Decisions:

1. To request an Item for Information be provided to Resources and Governance Scrutiny Committee in addition to Children and Young People Scrutiny Committee regarding the implications of the Financial Settlement on schools at an appropriate time
2. To request that the Executive Member for Finance and Human Resources petition the government on behalf of the Council and the residents of Manchester regarding the lack of adequate funding for health and social care and schools.
3. To request information on appeals made in respect of the New Homes Bonus at an appropriate time.

RGSC/17/03 Localised Council Tax Support Scheme

The Committee received a report of the City Treasurer which provided final recommendations for the Council's Council Tax Support (CTS) scheme from April 2017 onwards for the Executive to consider. Members were invited to comment on the report prior to its submission to Executive on 11 January 2017. The Council is required to set a Council Tax Support (CTS) scheme for 2017/18 by 31 January 2017. The report followed on from a report to Executive on 19 October 2016 which detailed options for reducing spend by up to £2m on the Council's Council Tax Support (CTS) scheme for 2017/18 onwards. The report formed part of the suite of budget reports and had been prepared in the context of the budget reductions that the Council would have to make in order to close an estimated budget gap of £40m to £75m by 2019/20.

The City Treasurer introduced the report across its main themes. She advised that the report proposed that the Council adopt 'Option One' which was the most popular option following public consultation; however the awards would now be based on a maximum of 82.5% of the Council Tax charge for the property rather than 80% as

initially stated in the consultation. The initial figure was used as an estimate but the Local Government Finance Settlement was now confirmed.

A member sought assurance that appropriate ICT infrastructure and support would be in place to ensure a smooth transition to a new scheme. The Corporate Assessments Manager confirmed that Council systems were regularly updated with data from the Department for Works and Pensions (DWP). He said that the data quality was reliant upon the DWP; but confirmed that the Council did carry out some data checks before using this; for example when implementing automated processes.

In response to members queries the Corporate Assessment Manager explained that a variety of communication methods were used with customers; who were also encouraged to keep the Council informed of any changes to their circumstances. He confirmed that there was a degree of discretion when applying the time period criteria for a property being exempt from Council Tax due to it being vacant. He said he was not aware of any performance issues preventing people contacting the Council. He confirmed that standard letters were issued informing customers where the Council had been notified of a change of circumstances, for example by the DWP, and that the letters encouraged people to contact the Council if they felt anything was incorrect.

A member expressed concern that the Council's intention was only to consider the first two children in relation to the Council Tax Support Scheme. She asked how much this was expected to save the Council and why further children could not be taken into account. The Executive Member for Finance and Human Resources commented on the struggles faced by those in work on a low income. The Chair noted the impact of benefit changes on young people. Members agreed that they were not happy to make cuts to the Council Tax Support Scheme but had empathy for people in different circumstances and did not want to pit different groups against each other. The Executive Member for Finance and Human Resources said that the Council had been left with no choice but to increase Council Tax for everyone in order to raise money to pay for social care for the most vulnerable.

The Chair said he noted that an Equality Impact Assessment had been carried out but that he would like to see the impact that these changes to the scheme would have on different groups of people in practical terms. Members agreed that there was a need to set up a small working group to monitor this which should include the Chair and other members of the Committee and be led by the Executive Member for Finance and Human Resources. The Chair recommended that a future report on the Council Tax Support Scheme be provided to the Committee 6 months after the changes were implemented and that a full review should be carried out after 12 months; to which the Committee agreed. The City Treasurer said that should changes be made to the scheme at a future date these would be subject to a formal consultation process, which the Committee noted.

The Committee agreed to endorse the scheme to Executive and made a number of additional recommendations.

Decisions:

1. To recommend that the Executive Member for Finance and Human Resources establish a small working group and invite the Chair of Resources and Governance Scrutiny Committee and other members to attend. To request that the working group consider the impact of the scheme upon different demographics including families with more than two children,
2. To request a future update report be provided to Committee 6 months after the changes are implemented. To request that a full review is carried out 12 months after the changes are implemented.
3. To endorse the recommendations within the report to Executive:

Executive is requested to:

- i. Note the impact of the government announcement to changes to Council Tax to fund adult social care services that, if approved by the Council, would mean Council Tax bills would be increasing by 4.99% across the board.
- ii. Note the outcomes of the consultation process and the Equality Impact Assessment (EIA) both of which have informed the final recommendations. Both the consultation and the EIA have supported the Council's preferred approach which was to provide a maximum level of support against the Council Tax bill rather than other options that require differential rates based on Council Tax property bands.
- iii. Agree that the CTS scheme funding will be reduced by £1million rather than £2million, so as to mitigate the impact on working age CTS claimant households in the city.
- iv. Agree that the Council's local CTS Scheme will be based on the following:
The core scheme is amended and the Council would pay CTS based on all working age claimants receiving a maximum of 82.5% of the Council Tax that is due for the property (this means that the maximum a working age household could receive would be 82.5% of the Council Tax due). All working age households will have to pay a minimum of 17.5% of the Council Tax due. Pension age households will continue to receive up to 100% support.

Agree to align the CTS scheme to Housing Benefit and other DWP means tested benefits. The effect of which is:-

1. When working out entitlement to CTS the Council will disregard capital relating to payments made directly to a parent for the purposes of meeting their child's special educational needs.
2. The Council will use the date of change rather than Monday after for any award or increase of a DWP benefit.
3. The Council will increase the length of time that a claimant has to notify us of a beneficial change from three weeks to one month. If we are told after a month, we will pay any extra from the Monday after the date we were told..
4. When working out entitlement to CTS the Council will no longer include a family premium in the applicable amount for all **new** claims with

- dependants, or for existing claims without children where a first child is born or a child joins the household, aligning to Housing Benefit rules.
5. When deciding eligibility for CTS the Council will reduce the period of time where a person is outside Great Britain for any reason and still treated as occupying the property from thirteen weeks to four weeks.
 6. When working out entitlement to CTS the Council will only take into account two children in the calculation. This will only affect anyone who has a child or responsibility for a new child after 1st April 2017, aligning to Housing Benefit rules.
- v. Recommend that Council delegate authority to the City Treasurer to continue to make minor technical changes to the CTS Scheme to provide for uprating of applicable amounts, disregards and non-dependant deduction levels and income bands.
- vi. Commend the revised CTS Scheme to Council.

RGSC/17/04 Governance Devolution

The Committee received a report of the City Solicitor which set out an update of the current position on devolution following the previous report in October 2015. The report contained detail on the progress on the implementation of the devolution arrangements through the Cities and Local Government Devolution Act and the current proposals which have been subject to consultation. The Committee also welcomed Susan Ford, Policy Manager for the Greater Manchester Integrated Support Team (GMIST), and Councillor Wilson, Manchester representative to the Association of Greater Manchester Authorities (AGMA) Scrutiny Pool and member of the working party which carried out a review of scrutiny at the Greater Manchester level. The City Solicitor introduced the report across its main themes.

Susan Ford explained that two scrutiny reviews had been carried out at Greater Manchester level. The first review was concerned with improvements to the scrutiny function and was conducted separately to any devolution arrangements. The second review was formed in response to devolution and the impact this would have on how scrutiny operated at a Greater Manchester level. The review was carried out by a small working group of representatives from across all local authorities to discuss and agree preferences ahead of the orders being made.

The Leader noted that bus franchising may be an issue. He advised that a wrecking amendment had recently been made in the House of Lords which could result in the bill, or large parts of it, being withdrawn. He said that it was proposed to extend bus franchising powers to all transport authorities. The Council had written to its Members of Parliament (MPs) requesting them to lobby against the amendment. He added that the Council had also written to the Local Government Association (LGA) advising that the Council did not agree with this amendment and challenging whether the LGA was representing the interests of Local Government by supporting it. In response to members' queries he advised this was a cross-party amendment.

A member asked whether in future the Council would be represented at AGMA Scrutiny Pool proportionate to its population; and how we could ensure representation was correct. The Leader responded that it should be up to individual Councils to decide who to nominate as representatives and confirmed that each

Council nominated an equal number of representatives. The Chair noted that the new order required 2/3 attendance for meetings to be quorate. The Leader responded that if representatives were not attending they should be replaced. Councillor Wilson noted that the 'call in' powers had been used for the first time at AGMA level last month and welcomed the calls for representation proportionate to population. In response to members' queries the City Solicitor advised she would investigate whether the reference to proportionality referred to individual local authorities or their populations.

Members discussed scrutiny at Greater Manchester (GM) level and the Chair asked what the preference was amongst those carrying out the review. Susan Ford responded that there was a preference for several thematic Committees or Sub-Committees being established in order to ensure they were able to exercise their full scrutiny powers under the new orders. The Leader added that the new order required any AGMA Scrutiny Committees to be chaired by a member of an opposition political party to that of the mayor. He added that this might prove difficult since most AGMA authorities were governed by the same political party; which could be resolved by the use of informal working groups instead. Councillor Wilson advised his preference was for thematic committees or working parties. He noted that the current AGMA Scrutiny Pool considered a very broad range of topics which members may not have an in depth understanding of. The Chair suggested a wider pool of AGMA Scrutiny representatives from which subgroup members could be appointed. The City Solicitor clarified that Sub Committees would also require opposition Chairs; it would only be informal working groups which would not.

A member asked once the elected mayor was in place how confident officers were that the transfer of powers would go smoothly. The City Solicitor responded that since there was no casting vote any actions would require the agreement of all of the AGMA authorities. The Leader added he hoped it would be a smooth transition. A member who was also the Chair of Audit at the Council questioned how Audit would operate at a Greater Manchester Level. Susan Ford advised that the GMCA Audit Committee had recently met to consider the new arrangements and was reviewing its membership, work programme, training and transitional arrangements.

The Chair noted reference to a mayoral Community Infrastructure Levy (CIL) noting that the Council had chosen not to introduce CIL. The City Solicitor advised that the detail on this was not available as yet but noted that constitutionally many of the mayors powers required agreement by each of the constituent local authorities. The Leader added that CIL was one of a range of planning powers which could only be exercised with appropriate authority. The Chair asked whether the Combined Authority would be granted its own borrowing powers. The City Solicitor responded this was a possibility. The City Treasurer advised that the bulk of the current debt was related to Transport for Greater Manchester (TFGM) and this was currently being reviewed.

Decision:

To note the report

RGSC/17/05 Governance around Restrictions on Events and Publicity at Elections and Referendums

The Committee received a report of the City Solicitor which updated Resources and Governance Scrutiny Committee on the restrictions applying to local authority publicity ahead of elections and referenda. The City Solicitor introduced the report across its main themes.

The Chair advised he had requested the report due to confusion over the requirement pertaining to different types of elections and inconsistency in how the restrictions applied to local authorities and central government departments. The City Solicitor advised that prior to any election period the Council produced appropriate guidance on the governance around restrictions on events and publicity at elections and referendums. This guidance was then shared with senior managers who cascaded it within their departments. She added that the guidance was also made available to staff on the Council's intranet and included frequently asked questions.

Members described scenarios where officers were not clear what the guidance was. In response the City Solicitor encouraged members to provide her with these scenarios which she could add to the frequently asked questions section. A member suggested that this section include real case studies, outcomes and suggestions as to what a better outcome would be.

The Chair requested that rather than guidance only being made available immediately prior to an election period; generic guidance be produced and made widely available at all times. This should include sections on how the relevant legislation pertained to the different types of elections, including local, national, referenda, and mayoral elections.

Decision:

To request that the City Solicitor produce generic guidance on Restrictions on Events and Publicity at Elections and Referendums.

RGSC/17/06 Register of Key Decisions

The Committee received a report of the City Solicitor which briefed the Resources and Governance Scrutiny Committee on the Key Decisions, the Register of Key Decisions and the information presented to Scrutiny Committees. The City Solicitor introduced the report across its main themes.

The Chair explained that he had requested the report since he did not feel the Register of Key Decisions was accessible or transparent. For example reference was made within the register to 'Gateway 5' and he felt that many members and members of the public would not understand what this was. He added that whilst he accepted officers' contact details were provided and the relevant officer could be contacted to obtain further information he still felt each decision should have some

level of explanation attached. Members asked officers to consider how the register could be more accessible to the public.

The Committee requested that officers ensure they use adequate explanations in the sections 'Decision Title' and 'What is the decision'.

Decision:

To request that officers explain clearly what the decision is about in order to make the Register of Key Decisions more accessible and transparent.

RGSC/17/07 Finance Devolution

The Committee received a report of the Greater Manchester Combined Authority Treasurer which detailed the current position on devolution arrangements for Greater Manchester and outlined the current budget for both the Greater Manchester Combined Authority (GMCA) and the Association of Greater Manchester Authorities (AGMA). The Deputy City Treasurer introduced the report across its main themes.

In respect of major schemes the Leader noted that Transport for the North and Rail North was actively involved in both franchises but were now jointly managing those in partnership with the Department for Transport. There was now the ability for them to become a statutory local authority body; and this was being pursued. In response to a query from the Chair regarding progress he advised that regular progress updates were provided to the GMCA.

The Chair noted that the budget presentation for the GMCA would shortly be considered by the AGMA Scrutiny Pool and enquired whether members of Resources and Governance Scrutiny Committee could attend. The Leader suggested that it may be more appropriate to share the report as an 'Item for Information' to which the Chair agreed. The Chair added that this should also be shared with members of Economy Scrutiny Committee.

The Chair noted that the Council was one of the highest net contributors to the GMCA and asked whether any changes were planned to district contributions in future. The Deputy City Treasurer advised these would continue but confirmed the amounts were subject to periodic review. In response to a query regarding what the reserves were for she responded that reserves were detailed further in the budget papers provided to the GMCA. She offered to provide further information if required following the GMCA's consideration of the budget. The Leader commented that over the longer term some issues would change from district contributions to a mayoral precept. In response to a query he said it was the intention that the costs of establishing the mayoral office would be met by the GMCA.

The Chair asked whether a mayoral levy or precept would be added to residents' Council Tax. The Leader responded that the GMCA had a precept power subject to a 2/3 majority decision. Therefore any decision to increase Council Tax would be subject to majority approval of AGMA members.

Members discussed the Housing Investment Fund (HIF). A member asked for clarification on the guidelines and whether the funding could be used to subsidise social housing. The Leader responded that the HIF was not a grant fund and that 80% had to be repaid at the end of the 10 years; if there was a shortfall the local authority would be liable. He added that it was still possible to encourage other investment, and that local authorities could use the HIF to subsidise social housing but would also need to contribute their own monies. Another alternative would be generating a surplus which could be re-invested in the future. He added that increasing the housing supply overall did alleviate demand.

Decision:

To request that the Committee Support officer circulate the GMCA Budget report as an 'Item for Information' to members of Resources and Governance Scrutiny Committee and Economy Scrutiny Committee.

RGSC/17/08 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.

A report on the Council Tax Support Scheme was received late and was required to be published in a supplementary agenda.

Decision:

To agree the work programme, subject to the above additions.

RGSC/17/09 Exclusion of the Public

A recommendation was made that the public be excluded during consideration of the next item of business

Decision:

To exclude the public during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information

RGSC/17/10 Finance Devolution

(Press and Public Excluded)

The Committee considered a confidential report of Councillor Richard Farnell, Portfolio Lead for Planning and Housing and Eamonn Boylan, Lead Chief Executive for Planning and Housing & Investment Strategy and Finance The report was previously provided to the Greater Manchester Combined Authority and provided

further detail of the position in respect of the indemnity given for the GM Housing Fund by GM Local Authorities.

Decision:

To note the report.