
**Manchester City Council
Report for Information**

Report to: Resources and Governance Scrutiny Committee –
20 February 2017

Subject: Budget and Business Plans 2017-2020: Comments of Overview
and Scrutiny Committees

Report of: Governance and Scrutiny Support Unit

Summary

Overview and Scrutiny Committee have commented on the Council's budget 2017-20 throughout the budget setting process. A report providing an overview of the budget process and next steps, including details of the Budget Conversation with residents was provided to Resources and Governance Scrutiny Committee at its meeting held on 13 October 2016.

Reports outlining the Budget Savings Options identified by officers and updates on the public consultation were then provided to each Overview and Scrutiny Committee's November and December meetings. Children and Young People Scrutiny Committee requested an update on the Financial Settlement in terms of its implications for Children's Services be provided to its meeting held on Tuesday 3 January 2017 and Health Scrutiny Committee also requested further information on the budget options and the locality plan be provided to its meeting held on Thursday 5 January 2017. The minutes of each of these Overview and Scrutiny Committee meetings were provided to the subsequent meetings of Executive in order to inform the budget setting process.

Executive met to formulate the Council's Budget Proposals at their meeting held on 11 January 2017. The Executives proposals were then provided to each Overview and Scrutiny Committees late January/early February meetings. The minutes of these meetings were provided to the meeting of Executive held on 8 February 2017 and are outlined below. The Committee has also been provided with the Executive's final budget proposals that were agreed by the Executive on 8 February 2017.

Recommendations

The Committee is asked to consider the comments of Overview and Scrutiny Committees in connection to the Executives Budget Proposals 2017-2020. Scrutiny Chairs have been invited to the 20 February 2017 meeting of Resources and Governance Scrutiny Committee (Budget Scrutiny) should they wish to make additional comments.

Wards Affected: All

Contact Officers:

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Background documents (available for public inspection):

None

1. Children and Young People Scrutiny Committee- 31 January 2017

Budget Process 2017-2020: Consideration of the Executive's Draft Budget Proposals and Directorate Budget Reports and Business Plans (minute ref: CYP/17/09)

The Committee received a report of the Strategic Director (Children's Services), the Director of Education and Skills and the City Treasurer which provided an update on the Council's financial position and set out next steps in the budget process, including scrutiny of the Executive's draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans by the Committee.

The Executive Member for Children's Services drew members' attention to the consolidated schedule table in Appendix 3 of the report which summarised the proposals for Children's Services. She outlined which budget savings options were and were not being taken forward and which had been amended from the original budget savings options, including the proposal for school crossing patrols. The Executive Member for Culture and Leisure reported that the saving option to reduce the youth commissioning fund was not being taken forward.

The Chair reported that, due to good management by the Council and airport dividends, the budget savings needed were not as severe as they might have been. She noted that at a previous meeting, as part of the discussion on school crossing patrols, the Committee had agreed to establish a Road Safety Around Schools Task and Finish Group, in conjunction with the Neighbourhoods and Environment Scrutiny Committee. She invited other members of the Committee to join her and some members of the Neighbourhoods and Environment Scrutiny Committee on the Task and Finish Group. Councillors Sameem Ali and Collins requested to join the Task and Finish Group. The Chair requested that any other members who wanted to join the Task and Finish Group let her or the Committee Support Officer know.

A member reported that the Schools Funding Forum had supported the proposal that funding from the Dedicated Schools Grant (DSG) be used to mitigate service reductions resulting from cuts to the Education Services Grant.

The Committee discussed the proposed changes to the national funding formula for schools, noting that Manchester would be one of the top ten worst affected areas if this were implemented. A member reported that this proposal was currently being consulted on. Members noted that the Schools Funding Forum and the Council would be responding to the consultation, expressing their concerns about the impact it would have on Manchester schools, and encouraged all schools and governing bodies to respond to the consultation.

The Chair requested further information on the impact of the revised early years funding formula on Manchester's two nursery schools (schools for under-fives which were not attached to a primary school). The Director of Education and Skills reported that the government had determined that there should be a single early years funding rate within a local area which applied across the different types of early years provision. He advised that the city's nursery schools had previously received higher funding than other early years providers and that the Council was

working with them to try to mitigate the impact of this funding reduction. In response to a question from the Chair, the Directorate Finance Lead confirmed that this single funding rate would also apply to childminders, for whom this would represent an increase in funding.

The Executive Member for Children's Services expressed concern that the single funding rate did not take account of the additional services that the nursery schools provided. The Chair requested that the Committee receive a further report on the single funding rate for early years providers and its likely future impact.

In response to a question from the Chair, the Director of Education and Skills outlined the proposal that the 'headroom' (the funding remaining after the Council had distributed to schools the funding they were entitled to) would be allocated to the Growth Fund, which funded additional pupils who were not yet accounted for in the annual census. He explained that, following a change in government rules, this included places in new government-backed free schools. A member reported that the Schools Funding Forum considered this change in government regulations on free schools to be unfair to local authorities and would be writing to the Secretary of State on this.

The Executive Member for Finance and Human Resources congratulated the Committee on their role in moulding the budget proposals. He advised that the Executive had listened to members' views on school crossing patrols and Sure Start and had reflected these in their draft budget proposals. He also praised the Council's Communications Team for their work on the public budget conversation and consultation and the way they had targeted under-represented communities.

Members agreed that they reluctantly accepted the Executive's budget proposals, in light of the budget savings required.

Decisions:

1. To reluctantly accept the budget proposals, in the light of the budget savings required.
2. To add Councillors Reid, Sameem Ali and Collins to the membership of the Road Safety Around Schools Task and Finish Group
3. To receive a further report on the single funding rate for early years providers and its likely future impact.

2. Neighbourhoods and Environment Scrutiny Committee – 31 January 2017

The Council's Budget 2017-2020 (minute ref: NESC/17/08)

The Committee received a report of the Deputy Chief Executive (Growth and Neighbourhoods) and City Treasurer which provided an update on the Council's financial position and set out next steps in the budget process, including scrutiny of the Executive's draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans by this Committee. The Committee were

asked to consider and make recommendations to the Executive on those draft budget proposals which are within its remit and to comment on draft Directorate Business Plans and Delivery plans which have been designed to ensure the Council delivers high quality services and outcomes for residents, as well as a balanced budget, across the three financial years 2017/18-2019/20. The Executive Member for Finance and Human Resources introduced the report across its main themes.

Members discussed the public consultation which had taken place regarding the Council's budget. Members welcomed improvements made to the budget consultation process following previous years but also raised a number of concerns. A member commented that some of the questions were confusing and asked whether more could be done to encourage residents to complete the questionnaire as there was a high number of questionnaires started that were not completed. Another member suggested that the questions were too lengthy. A member welcomed the efforts made with Black and Minority Ethnic (BME) communities to encourage them to engage but asked what more could be done to overcome any barriers to engagement. She suggested that members could help promote engagement within their wards. A member suggested that the consultation be made available in community languages. A member added that since response rates varied between consultations it would be useful to compare the response rate this year with that of previous years budget consultations. The Chair noted that consideration needed to be given to the resource available to carry out consultations. The Committee noted that Resources and Governance Scrutiny Committee considered Corporate Communications and agreed to refer their comments to them.

Members discussed the report itself and agreed that scrutiny of the budget was both difficult and complex. Members suggested that in future reports could be provided which were more relevant to the remit of each Committee. The Executive Member for Neighbourhoods explained that the Council only had a short time scale within which to produce these reports following confirmation of the settlement from the government. The Chair suggested that instead the cover report could provide more clarity on the relevance of the information contained within the appendices for each Committee. Members acknowledged that 'Appendix 3: The Executive's Draft Budget Proposals (Consolidated Schedule)' included which Scrutiny Committee was responsible for scrutinising the various savings options.

A member asked for an update on the Committee's request to consult with users of the bowling greens. The Executive Member for Neighbourhoods said that the consultation was ongoing and that the original savings option of £170,000 had now been revised to £100,000. He added that this saving was proposed for the 2018/19 year in order to give adequate time for consultation. The Committee noted that bowling greens were also of interest to Communities and Equalities Scrutiny Committee as they considered Leisure. The Committee requested an Item for Information following the consultation to be provided to members of both Neighbourhoods and Environment Scrutiny Committee and Communities and Equalities Scrutiny Committee.

Members discussed waste and raised concerns that the proposed additional savings may not be achieved following the reduction in size of domestic bins. The Executive Member for Neighbourhoods responded that he felt the savings were

achievable. The Chair described some of the work that was ongoing by the Greater Manchester Waste Disposal Authority (GMWDA) to reduce disposal costs by securing a better deal at a European level and to incentivise the recycling market. In response to a member's query regarding proposals to generate income from academy schools the Executive Member for Neighbourhoods explained this was about ensuring consistency of charging. Members noted that an update on Waste and Recycling was included on the Committee's work programme.

In response to a member's query regarding bereavement services the Executive Member for Finance and Human Resources confirmed that it was not intended to increase the prices of existing services; this was about introducing new or improved services which would generate income.

The Chair thanked the officers and Executive Members for providing the report and noted that the Committee's previous comments regarding the budget options had been taken into account within the Executive's budget proposals.

Decisions:

1. To note the report and to note that the Committees views regarding the budget options had been taken into account when formulating the budget proposals.
2. To note members' comments regarding the public consultation and provide these for information to members of Resources and Governance Scrutiny Committee.
3. To request an 'Item for Information' be provided to members at an appropriate time on the outcome of the consultation with users of the Bowling Greens. To request that this also be shared with members of Communities and Equalities Scrutiny Committee.

3. Economy Scrutiny Committee – 1 February 2017

Budget Process 2017-2020 Consideration of the Executives Draft Budget Proposals and Directorate Budget Reports and Business Plans (minute ref: ESC/17/10)

The Leader presented the report, which provided an update on the Council's financial position and set out next steps in the budget process, including scrutiny of the Executive's draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans.

The Committee were asked to consider and make recommendations to the Executive on those draft budget proposals which were within the remit of the Committee and to comment on draft Directorate Business Plans and Delivery plans which were designed to ensure the Council delivered high quality services and outcomes for residents, as well as a balanced budget, across the three financial years 2017/18- 2019/20.

The Chair welcomed the report and commented that the appendices proved a good tool for the Committee to track the budget process. A member queried why the term

“savings” had been used throughout the paper as opposed to the term “cuts”, arguing that it portrayed them as positive when they were not. The Executive Member for Finance and Human Resources responded that he took the point on board and that language in these situations was important, moreover following Scrutiny’s consideration of the original options the Executive had tried to use the Council’s resources as best possible to minimise the impact of cuts. The Leader also commented that no cuts were to be made to areas the Committee had asked. A member asked the Leader to confirm that there were going to be no cuts to the Work and Skills budgets, and in response the Leader confirmed that this was correct.

Members welcomed that the Executive had taken into account the Committee’s recommendations on which options should not be taken forward and had excluded these options from their budget proposals.

Members requested that the Committee receive an update report on the Directorate Delivery Plans for Growth and Neighbourhoods and Strategic Development at its November 2017 meeting.

Members enquired about recent increases to business rates, asking if they were sustainable. In response the Executive Member for Finance and Human Resources said that it appeared there were yet to be any impacts of the increase, and that small business relief as well as the right to appeal were still in place. He also commented that the Council was committed to supporting small businesses whenever they could. The Leader also commented that whilst the Council retained the money from business rates, they did not control how these were set.

A member asked that the Council further lobby government to allow them to charge student landlords business rates. In response the Executive Member for Finance and Human Resources said that there were a number of issues regarding student landlords, including the times of year in which students were not living in their properties, and the role of universities as landlords. He also commented that the Treasurer’s Office was intending to bring a report to the Resources and Governance Scrutiny Committee on this issue. The Leader also commented that there were three options in this situation; students paying council tax, landlords paying business rates, or the government compensating the council for losses in council tax revenue as it had done previously. Finally he commented that whilst the Council lobbies government on this issue regularly there had been no success thus far. Members recommended that issue of student landlords and business rates be forwarded to Resources and Governance Scrutiny Committee for investigation.

A member queried if the predicted figures for business rate income had taken into account the growth of businesses and new businesses in the city. In response the Leader confirmed they had.

Decisions

1. To recommend that the issue of student landlords and business rates be forwarded to Resources and Governance Scrutiny Committee for investigation.

2. To receive an update report on the Directorate Delivery Plans for Growth and Neighbourhoods and Strategic Development at the Committee's November 2017 meeting.

4. Communities and Equalities Scrutiny Committee – 1 February 2017

Budget Process 2017-2020: Consideration of the Executive's Draft Budget Proposals and Directorate Budget Reports and Business Plans (minute ref: CESC/17/08)

The Committee received a report of the Director of Neighbourhoods and the City Treasurer which provided an update on the Council's financial position and set out next steps in the budget process, including scrutiny of the Executive's draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans by this Committee.

The Statutory Deputy Leader reported that this was the seventh successive year of funding cuts from national government. She advised that the airport dividend had been used to mitigate the impact of this but that the funding cuts would still have a negative impact on the city. She outlined the process that was being followed in setting the three-year budget.

The Committee discussed the response rates to the budget consultation, including the variation between different groups of people, such as young people, older people and different ethnic groups and how response rates from under-represented groups could be improved in future consultations. Members discussed the importance of using different methods to communicate with people including face to face communication and paper copies of the consultation documents, as well as online methods. The Chair advised that it was important to have a clear process to communicate with the public what had happened following the budget consultation to demonstrate that their views had been listened to.

Members commented that it was important to utilise networks such as the Age-Friendly Manchester Board and tenants' and residents' associations to engage with local residents. A member advised that ward councillors were a good source of local knowledge on how best to communicate with people in their ward. The Committee agreed to support the continued use of paper copies of consultation documents to encourage responses from groups of people who are less likely to respond to an online consultation. The Chair requested that the Committee receive further reports on levels of engagement with different groups of people, including young people and older people, and for this to include consideration of how ward councillors' local knowledge and networks such as the Age Friendly Manchester Board and tenants' and residents' associations could be used to improve engagement.

The Executive Member for Finance and Human Resources praised the work of the Deputy Leader and the Communications Team in improving public engagement with the budget consultation process. He outlined how the Council had used a range of methods to increase responses from under-represented groups. The Executive Member for Culture and Leisure outlined how the Council had engaged with Youth Council members to seek their views on the budget. The Statutory Deputy Leader

advised that the 'budget conversation' had successfully used the Our Manchester approach to engage with local residents.

The Deputy Leader advised members that communication was within the remit of the Resources and Governance Scrutiny Committee which had requested a report on the lessons learnt from the budget consultation process. The Chair requested that this report also be circulated to the members of the Communities and Equalities Scrutiny Committee.

A member noted that the equality data on responses to the consultation did not include the percentage of respondents who were lesbian, gay, bisexual or transgender (LGBT) and what percentage were disabled and asked whether this data had been collected. The Executive Member for Finance and Human Resources advised that additional equality data had been gathered which had not been included in the report and that this could be circulated to the Committee, to which members agreed.

The Director of Neighbourhoods outlined the budget proposals within the report which were within the Committee's remit. Members commented that their views on the budget savings options had been listened to and taken into account by the Executive when considering which of the options should be taken forward. The Director of the Neighbourhoods answered members' questions on waste and recycling and on plans for Wythenshawe Market.

Decisions

1. To support the continued use of paper copies of consultation documents to encourage responses from groups of people who are less likely to respond to an online consultation.
2. To receive further reports on levels of engagement with different groups of people, including young people and older people, and to include consideration of how ward councillors' local knowledge and networks such as the Age Friendly Manchester Board and tenants' and residents' associations can be used to improve engagement.
3. To request that the report that Resources and Governance Scrutiny Committee have requested on lessons learnt from the budget consultation process also be circulated to members of this Committee.
4. To request that the additional equality monitoring information from the consultation responses be circulated to members of the Committee.

5. Resources and Governance Scrutiny Committee – 2 February 2017

Budget Reports 2017-2020 (minute ref: RGSC/17/13)

The Committee received a report of the City Treasurer, Deputy Chief Executive (People, Policy and Reform), the City Solicitor, Strategic Director (Development) and Chief Information Officer which provided an update on the Council's financial position and sets out next steps in the budget process, including scrutiny of the Executive's

draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans by this Committee. The Committee was asked to consider and make recommendations to the Executive on those draft budget proposals which were within its remit and to comment on draft Directorate Business Plans and Delivery plans which were designed to ensure the Council delivers high quality services and outcomes for residents, as well as a balanced budget, across the three financial years 2017/18-2019/20. The Executive Member for Finance and Human Resources introduced the report. He thanked officers involved in the budget process and the Council's Communications Team for the changes they had made to the public consultation process. He explained that Executive had considered the budget options proposed by officers, the responses from the public consultation, and the comments made by scrutiny in formulating its draft budget proposals. He expressed regret that the Council had to make cuts adding that this was because the funding provided by government was not sufficient. He said that the Council would be lobbying government and members would be taking part in a torchlight procession planned for 25 February 2017.

Members expressed disappointment that Council's were being asked to raise additional funding for adult social care through increases to Council Tax and that Manchester would be increasing its Council Tax by just under 5% in 2017/18; of which 3% would be used to pay for adult social care. A member said that Manchester would be petitioning the government on this. Members discussed that Surrey Council were holding a referendum since they were proposing a 15% increase to their Council Tax to help pay for adult social care and asked why Manchester were not doing this. The Executive Member for Finance and Human Resources said that whilst Manchester had needed to increase Council Tax he was mindful of the impact this would have on residents. The City Treasurer clarified that were a referendum required Council Tax bills would need to be issued based on current assumptions and then re-issued should the proposals be agreed following the referendum. Members agreed they would like to ask the Leader of Surrey Council to a future meeting to discuss the rationale behind their proposed increase. Members agreed that whilst all local authorities were under increasing pressures it was important not to make direct comparisons between local authorities with very different demographics. Members discussed pressures unique to northern cities and towns and a member suggested the Executive Member for Finance and Human Resources explore the possibility of judicial review.

Members discussed the public consultation and had been provided with comments from other scrutiny committees regarding the consultation including the Neighbourhoods and Environment and Communities and Equalities Scrutiny Committees. In response to members queries the Executive Member for Finance and Human Resources and the Strategic Head of Communications explained the efforts made with different groups including black and minority ethnic (BME) communities, older people and younger people. Members' suggestions had been acted upon; the Executive member for Culture and Leisure had engaged with the Youth Council and the Council had used community radio and local press to engage BME communities. Members noted that residents from all wards across the city had engaged. A member who was also a ward councillor for Harpurhey said that the petition to save Harpurhey markets, which was the largest petition ever for that area, was proof that local residents cared about their community.

Members welcomed the improvements made to the budget consultation process and requested that a full evaluation be carried out and consideration given to how the process could be improved further in future years. Members suggested the evaluation include how many responses were paper or online, the use of alternative formats or communication methods including large print, pictorial language and sign language and also consider the comments of other scrutiny committees. This included consideration of completion rates, length and complexity of questions, the role of members in promoting engagement, the use of community languages, year on year response rate comparisons, the resource available to carry out consultations, how response rates from under-represented groups could be improved in future consultations, having a clear process to communicate with the public what had happened following the budget consultation to demonstrate that their views had been listened to, and the use of networks such as the Age-Friendly Manchester Board and tenants' and residents' associations to engage with local residents

Members were keen to encourage more residents to participate in consultation exercises and felt that many residents did not fully understand how the Council worked. A member suggested that a long term aim for the Council in line with its 'Our Manchester' Strategy should be to explore how to make the Council more accessible to residents, and to provide an easy guide on 'How the Council Works', using social media, videos and new technology.

Members discussed the budget proposals themselves. The Executive Member for Finance and Human Resources referred members to Appendix 3: The Executive's Draft Budget proposals (consolidated schedule) and explained that the budget options in white had been taken forward, those in grey had not, and those in lilac had changed in response to members comments. Members noted that their previous comments had been incorporated and were broadly supportive of the Executives proposals. The Chair added that she welcomed that members' comments had also been taken into consideration in respect of the Council Tax Support Scheme.

Decisions:

1. To invite the Leader of Surrey Council to a future meeting to discuss their proposals to increase Council Tax by 15%.
2. To welcome improvements made to the public consultation process and to request that a full evaluation be carried out including consideration of how the process could be improved further in future years. To recommend that the evaluation includes:
 - a) how many responses were paper or online
 - b) the use of alternative formats or communication methods including large print, pictorial language, sign language and community languages
 - c) completion rates, length and complexity of questions
 - d) the role of members in promoting engagement
 - e) year on year response rate comparisons
 - f) the resource available to carry out consultations
 - g) how response rates from under-represented groups could be improved in future consultations

- h) having a clear process to communicate with the public what had happened following the budget consultation to demonstrate that their views had been listened to
- i) the use of networks such as the Age-Friendly Manchester Board and tenants' and residents' associations to engage with local residents.

3. To request that the Head of Strategic Communications, in line with the 'Our Manchester' approach explore how residents understanding of the Council could be improved and provide an easy guide on 'How the Council Works', using social media, videos and new technology. To receive a future report on this at an appropriate time.

4. To broadly support the Executive's draft budget proposals and to welcome that the comments of scrutiny and the public consultation have been taken into account.

6. Health Scrutiny Committee – 2 February 2017

The Councils Budget 2017-2020 (minute ref: HSC/17/10)

The Committee received a report of the Strategic Director (Adults), Joint Director of Health and Social Care Integration, Director of Public Health and City Treasurer which provided an update on the Council's financial position and set out next steps in the budget process, including scrutiny of the Executive's draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans. The Committee were asked to consider and make recommendations to the Executive on those draft budget proposals within its remit and to comment on draft Directorate Business Plans and Delivery plans which have been designed to ensure the Council delivers high quality services and outcomes for residents, as well as a balanced budget, across the three financial years 2017/18-2019/20.

The Chair noted that much of the information had been received previously and asked whether officers wished to highlight any new developments. The Executive Member for Finance and Human Resources described the consultation process which had been undertaken with residents; and in addition to that the informal consultation which had been fed back through the scrutiny process. He highlighted Appendix 3: The Executive's Draft Budget proposals (consolidated schedule) which showed the changes which had been made as a result of the public consultation and the comments of scrutiny committees. In respect of Health Scrutiny Committee the savings options around the locality plan had been reduced from £27,064 to £12,000. The Chair noted that Health Scrutiny Committee had also considered the Council's Budget in detail at its January 2017 meeting; due to the need for information to be aligned with the Locality Plan Budget. Members expressed disappointment that the Council's budget process was not aligned with the budget processes and savings required by Clinical Commissioning Groups (CCG's) and hospital trusts.

A member referred to 'Appendix 5 Directorate and Budget Business Plan Report- Locality Plan' and requested further information on estates, in particular the twelve existing health and social care buildings that had been identified as locality bases for the new integrated health and social care teams; and the Manchester Strategic Estates Plan that had recently been agreed. She also requested further information

on the proposed changes to the current model of adult social work, which was based on a traditional model of care assessment, to a new model underpinned by an 'Our Manchester' approach. She added that she would like to know where the buildings were located and what the plan was for larger and more wide ranging accommodation; and would work with the Chair to develop the scope of the report further, to which the Chair agreed.

A member noted that the Committee had considered the savings proposals for the Local Care Organisation which were detailed within Appendix 5 at its meeting held on 5 January 2017. He added that the Joint Director of Health and Social Care had advised at that meeting she was in the process of identifying savings to reduce the £8 million shortfall and reduce the risk ratings and asked what progress had been made. He also noted that the Committee had focussed on local care organisations but since the single hospital service and the commissioning function fed into the finances behind the locality plan the Committee would benefit from more information on these. The Joint Director of Health and Social Care responded that she could not assure members that the £8 million shortfall had been resolved at the present time. She described the work that was ongoing to address this which included a workshop planned for the 3 February 2017 with CCG Commissioning Colleagues. She described the difficulties around the alignment of budgets between the three CCG's and the Council and the importance of working at a Greater Manchester level to adopt a 'whole system approach' since all localities were currently in the process of reviewing and updating their funding plans. She added that a response would be received within the next week in respect of funding being agreed for the Local Care Organisation, some of which would contribute to closing the £8 million funding gap.

A member asked for further clarity on the actual areas from which savings could be realised. The Joint Director of Health and Social Care responded that the current focus of providers and commissioners was on the care models to be delivered and invested in for 2017/18. The Committee requested a report on this be provided to its next meeting.

The Chair summarised the content of the discussions, adding that she wanted to revisit and endorse the decisions made by the Committee at its meeting held on 5 January 2017.

Decisions:

1. To request a future report on Estates, in particular the twelve existing health and social care buildings that had been identified as locality bases for the new integrated health and social care teams; and the recently agreed Manchester Strategic Estates Plan. To include where the buildings are located and what the plan is for larger and more wide ranging accommodation.

2. To request a report on the proposed new care model underpinned by the 'Our Manchester' approach and the care models to be delivered and invested in for 2017/18 currently being considered by providers and commissioners be provided to the next meeting of Health Scrutiny Committee. To include reference to how the proposals will address the £8 million shortfall.

3. To receive further information on the finances behind the single hospital service and the commissioning function and how these feed into the finances behind the locality plan to the next meeting of Health Scrutiny Committee.
4. To revisit and endorse the concerns raised by the Health Scrutiny Committee at its meeting held on 5 January 2017 as follows:

The Committee endorsed the recommendations that the Executive:

1. Endorse the next phases of implementation of the Locality Plan, as set out in this report, as a clear and robust response to the requirements of the Our Manchester Strategy to transform health outcomes for Manchester people and the platform for achieving financial sustainability.
2. Approve in principle that the Council enter into partnership arrangements under Section 75 of the NHS Act 2006 with the City's merged CCGs to form the Single Commissioning Function, subject to the terms of the partnership agreement being submitted to a future meeting of the Executive for approval.
3. Approve commissioners undertaking a procurement exercise to appoint a single provider of integrated health and social care in Manchester, with the intention that there will be a single contract that will include all out of hospital health services, including primary care, adult social care, community health and mental health services.
4. Note that the organisations that form the Manchester Provider Board, which include the Council as a provider of adult social care, will bid for the single contract on the basis of an equal partnership between the principal provider organisations in the form of a Local Care Organisation (LCO). Subject to the outcome of the procurement process, in the event that the bid prepared by Manchester Provider Board is successful, further reports will be submitted to the Executive on the terms of an Alliance Agreement, and the formation of the LCO.
5. Note that Council staff will need to be deployed to both the Single Commissioning Function and the LCO, with roles being backfilled, subject to the approval of Personnel Committee where appropriate.
6. Note that a report will be submitted to the Personnel Committee on the 11th January recommending changes to the Director of Adult Social Services (DASS), Deputy DASS and Director of Public Health roles.
7. Endorse the creation of a single acute provider organisation and the proposed phasing set out in this report as a key part of the move to a single unified health and care system for the City and a central part of the GM strategy for health and social care devolution.

8. Note the progress on the transfer of the City's mental health services to a new provider and that mental health will be fully integrated into the new service models being developed.
9. Note the emerging vision for the future delivery of services from the North Manchester General Hospital.
10. That the Executive note that this report will be considered by the Health Scrutiny Committee in conjunction with proposals for the financial implications of the Locality Plan for the Council's budget for 2017-21.
11. The Committee agreed that recommendation number 7 of the report entitled Manchester's Locality Plan – A Healthier Manchester' to be considered by the Executive at their meeting of 11 January 2017 be reworded to include the proposal that the benefits of the Single Hospital Service and of the Locality Plan as a whole be commended to NHS Improvement and the Competition and Merger Authority to support their consideration of the Single Hospital Service.

The Committee endorsed the recommendations that the Executive:

12. Note and endorse the draft budget proposals contained within this report, which are subject to consultation as part of the Council's overall budget setting process; and note that final budget proposals will be considered by the Executive on 8 February for recommendation to Council.
13. The Committee note the national government cuts that disproportionately affect cities like Manchester and recognise that the impact of cuts would be significantly worse were it not for the proactive action from Manchester City Council and its partners.
14. The Committee will regularly review and scrutinise the progress and implementation of the Locality Plan, including budgets, structures and services.
15. The Committee recommend that the Council proactively engage with the residents of Manchester to explain why the Council has had to increase the Council Tax charge to meet the cost of Adult Social Care.

Single Commissioning Organisation (minute ref: HSC/17/11)

The Committee received a report of the Strategic Director of Adult Social Care which advised that the three Manchester CCGs and Manchester City Council had agreed to establish a single commissioning organisation for the City of Manchester by 1 April 2017. The report updated members on the progress made to merge the three Manchester CCGs and develop a partnership agreement with the Council, thus bringing together health, social care and public health commissioning. The new organisation will be called Manchester Health and Care Commissioning (MHCC) and the report outlined the key steps required to establish MHCC by 1 April 2017. The Committee were asked to note and comment on the establishment of the

Manchester CCG and the development of the Commissioning Partnership with Manchester City Council. The report was also being provided to Executive at its meeting on 8 February 2017 but members of Health Scrutiny Committee were not asked to endorse any of the recommendations to Executive. The Strategic Director of Adult Social Care introduced the report across its main themes. She apologised for the lateness of the report adding that it was an Executive report but she wanted to provide it to Health Scrutiny Committee for information.

The Chair asked what role the Health Scrutiny Committee could play in the governance function when the Council's Executive decisions would be delegated to the new organisation. The Strategic Director of Adult Social Care responded that Health Scrutiny Committee could still play an important role within the decision making process by making those recommendations it would have made to its own Executive to the new organisation. Members expressed disappointment that the role of Health Scrutiny Committee was not made explicit within the report. A member noted that the Council itself had very robust governance procedures in place including a written Constitution and a Code of Corporate Governance which were updated on an annual basis and a Resources and Governance Scrutiny Committee which scrutinised governance issues. She noted there was reference to a constitution being produced for the new organisation which would require changes to the Council's constitution to reflect this. The member requested that due to the gravitas of this a special meeting of the Council's Constitutional and Nomination Committee be held to consider these changes to which members agreed. Members also agreed that the role of Health Scrutiny Committee should be much more explicit within the document.

The Executive Member for Adult Health and Wellbeing stressed the importance of collaboration with the NHS and the need to align processes and procedures to suit all organisations. A member stressed the importance of the role of Health Scrutiny Committee in terms of its statutory rights under national legislation. He added that in addition to its rights to scrutinise the Council itself the rights were also extended to any providers of NHS services, including private providers. The Executive Member for Adult Health and Wellbeing agreed adding that he felt the formulation of the Single Commissioning Organisation could only increase the influence of Health Scrutiny Committee. The Strategic Director of Adult Social Care added that she had been working closely with the City Solicitor to ensure the new arrangements complied with legislation and were robust. The Chair welcomed the comments but re-iterated the importance of making the role of Health Scrutiny Committee explicit, in particular to those within the NHS that may not be currently familiar with its role or responsibilities.

A member asked whether the Council would retain responsibility for its own appointments to the MHCC Board. The Senior Responsible Officer explained that any Executive roles would be appointed by a panel which would include the City Council, the Chief Accountable Officer for MHCC, lay members, and members of the Greater Manchester Partnership. In response to a member's query the Senior Responsible Officer explained that a lay member for governance was similar to current Non Executive Directors in the NHS and was a 'challenge' role. The Head of Corporate Services for North, Central and South Manchester CCG's added that

recruitment for lay members would be carried out by external advertisement and interviews would be carried out by a panel which included member representation.

A member added that he was aware that elected councillors could not be appointed as lay members of a CCG board; but questioned whether this restriction would also apply to the new MHCC Board. He added that it seemed to be assumed that members of the CCG Governing Body should also become lay members of the board and questioned whether this was desirable noting that the Council did not appoint lay members to its Executive. The Senior Responsible Officer described the complexities of the considerations and stressed that it was perceived desirable to have a wide range of perspectives and skills on the board. He added that NHS lay members provided valuable input to decision making.

The Chair thanked officers for their comments and requested that once the Commissioning Partnership Agreement was developed that this be provided to a future meeting of Health Scrutiny; and that it make explicit the role of the Health Scrutiny Committee.

Decisions:

1. To note the report
2. To request that once the Commissioning Partnership Agreement is developed that it be provided to a future meeting for comment; and that it make explicit the role of the Health Scrutiny Committee.