

Resources and Governance Scrutiny Committee

Minutes of the meeting held on 4 January 2018

Present:

Councillor Ollerhead - in the Chair
Councillors Ahmed Ali, Connolly, Davies, Hitchen, Karney, Lanchbury, Ludford, Moore, Siddiqi, A Simcock and Watson

Councillor B Priest, Deputy Leader
Councillor Flanagan, Executive Member for Finance and Human Resources

Apologies:

Councillors Barrett, Pritchard, Russell and Strong

RGSC/18/01 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 7 December 2017.

RGSC/18/02 Capital Strategy Governance and Approval Process

The Committee considered a report of the City Treasurer, presented by the Deputy City Treasurer, which set out the progress made in the establishment of a revised process for the approval of capital schemes, and how the governance arrangements had been implemented. The report also highlighted the next steps required to support the approval process and the change in the manner in which the capital programme was reported to Members and the public.

Officers referred to the main points and themes within the report which included:-

- An outline of the Capital Programme 2017/18 to 2022/23;
- Details of the new approval process, which consisted of five Checkpoints, and which all capital projects now had to be progressed under;
- The role of Portfolio Boards, and the Strategic Capital Board;
- The measures taken to ensure Elected Members were kept informed of programmes and individual projects prior to business cases being put forward;
- The reporting mechanism of capital spend against all projects together with requests for capital budget increases to the Executive;
- The role of the Project Management Office;
- Future systems development and reporting mechanisms; and
- Revisions to CIPFA's Prudential and Treasury Management Codes and the DCLG's Consultation on Prudential Framework of Capital Finance.

Some of the key points that arose from the Committees discussions were:-

- Concern was expressed as to how the process related to scrutiny as it was felt there had been a missed opportunity;
- Could the Scrutiny Committee be provided with the responses to the DCLG consultation and the revised CIPFA's Prudential and Treasury Management Codes;
- What was the role of the Project Management Office and who did it report to;
- The proposed systems development appeared to be weak;
- What was the time frame between checkpoints within the new approval process;
- How did the Council's new process compare to other core cities;
- Concern was expressed that consultation with relevant Ward Members prior to business cases being put forward was only proposed to be undertaken 'where appropriate';
- How were projects that required additional funding scrutinised as it was felt that Scrutiny Committees were only informed of this after the increase had been agreed;
- Who identified what capital programmes should be put forward; and
- Could Councillors have a breakdown of capital projects per ward.

The Deputy City Treasurer advised that in terms of Scrutiny, each capital scheme would have to produce a business case at the outset which would be available for consideration. This would include the detail of how the case was built up, how it fitted in with the priorities of the Council, the economic value that it would add, how it was to be funded and the returns on investment it would deliver alongside the intended outcomes. Linked to this was the commitment to improve the information contained on the Council's Register of Key Decisions so that Members were better informed of decisions that were to be made.

Officers agreed to provide the Committee with the responses to the DCLG consultation and the revised to CIPFA's Prudential and Treasury Management Codes. In terms of the Project Management Office, it was explained that this sat within the Capital Programmes Division and drew on the expertise of Officers in relation to cost management, project management and risk stratification in order to scrutinise the deliverability of business cases put forward by Portfolios. The office was accountable to the City Treasurer and looked at all projects that were put forward as part of the capital investment.

The Deputy City Treasurer advised that the timeframe between checkpoints would be dependent on individual business cases and how they progressed in development. She explained the process and steps required at checkpoint stages 1, 2 and 3 before a project could progress to spend.

The Executive Member for Finance and HR offered the opportunity for Scrutiny Committee Members to meet with himself and the Deputy Leader to gain a better understanding of how the new checkpoint process operated. He also commented that he would welcome scrutiny's involvement in reviewing businesses cases if the Committee was minded to look at these.

Officers advised that it was difficult to compare how Manchester compared to other Core Cities as most capital programmes would go through a process of scrutiny that would be determined by local factors. In developing Manchester's approval process, the Council had spoken to other organisations to identify what types of themes to look for within business cases. The City Treasurer commented that the Council was currently undertaking a peer review process of its systems and processes in place around its capital works programmes.

The Executive Member for Finance and HR agreed that consultation with Elected Members prior to business cases being put forward could be stronger and gave a commitment to ensure this was strengthened. It was explained that where projects required a change to the original agreed capital allowance then these would be reported back to the Strategic Capital Board for consideration. He agreed to look at the mechanism for informing Members of when projects required a change in funding to see how this could be improved. The Executive Member also advised that in terms of identifying capital projects, the Council set its priorities for the city, with Executive Members setting their political priorities and it was these priorities that drove the capital programme.

The Deputy City Treasurer advised that it was possible to provide Members with a breakdown of capital projects per ward but added the caveat that just because a ward did not have any significant capital spend taking place within it, it did not mean that the ward would not benefit from capital spend in another ward.

The Deputy City Treasurer advised that there was further work currently being undertaken on the development of the systems, in particular to ensure that both activity and finances could be linked together and that it would support regular and timely reporting.

Decision

The Committee:

- (1) Notes the report;
- (2) Requests that the responses to the DCLG consultation and the revised to CIPFA's Prudential and Treasury Management Codes are circulated to the Committee;
- (3) Requests that the Scrutiny Committee receives the quarterly monitoring reports prior to their consideration by the Executive;
- (4) Requests an item of information on how Manchester's Capital Approval Process compares to other Core Cities and the outcome of the Peer Review Process;
- (5) Welcomes the opportunity for Members to meet with the Executive Member for Finance and HR and the Deputy Leader to gain a better understating of how the new gateway process operates;
- (6) Request that officers and Executive Members, as appropriate, provide briefings to Members in relation to proposed Capital programme business cases which relate to their respective wards; and
- (7) Requests an update on systems development.

RGSC/18/03 The Council's Operational Property Strategy

The Committee considered a report of the Strategic Director (Development), which provided an overview of Council's Operational Estate Strategy in relation to its future workforce. The report also set out the proposals to deliver Health and Social Care Integration with the NHS and the implications for the City Council's Operational Estate Strategy, and the Council's strategy in terms of owning and managing property and the need to lease properties to meet medium term requirements.

The Chair had requested that the Committee considered this item as he had expressed concerns over a previous exemption from call regarding Universal Square concerns.

Officers referred to the main points and themes within the report, which included:-

- The Council's five year Operational Estates Strategy which sought to deliver key schemes and programmes of work that both responded to known demands and the strategies that encouraged staff to work flexibly;
- The delivery of Health and Social Care integration via a 12 multi-disciplinary place based hub model throughout Manchester which would provide improved access to public services from a single location;
- These Hubs would be located in a range of different public sector buildings which would result in a more cost effective combined estate, that could be proactively managed;
- There was a small number of existing Town Hall users who had very specific requirements that could not be met through use of existing Council owned buildings and would require a different solution;
- The revised proposals in relation to the Gorton Hub project and the proposals in relation to the Hammerstone Road depot which would enable the Council to exit out of two existing leases in 2020/21 (Bridgewater House and Universal Square);
- Other estates transformation work which was currently being progressed to provide additional accommodation; and
- The current Fountain Street lease for the LCO was currently being reviewed, and any new lease agreed would not be a Council lease, but a partnership funded lease.

Some of the key points that arose from the Committees discussions were:-

- Concern was expressed with the lack of progress that had been made with the integration of Health and Social Care services and the identified location for some of the Place Based Hubs;
- Clarification was sought as to why Chorlton Health Centre had been selected as one of the 12 multi-disciplinary place based hubs;
- Members sought reassurance of the viability of the Gorton Hub Project now that One Manchester had reduced its floor space requirements for the building;
- What was the cost comparison of modular hubs at Hammerstone Road as opposed to a change in use of the existing building;
- It was suggested that Ward Councillors were kept informed of all estates matters that impacted within their respective wards;

- How would the relocation of the Coroners Courts be managed with the closure of the Town Hall; and
- Had any consideration been given to income generation from sharing accommodation with external businesses.

The Head of Corporate Estates advised that the Council was working closely with the developing Local Care Organisation (LCO) in responding to their estates needs. The locations that had been identified could deliver the integrated hubs at a minimal cost and one of the fundamental principles that was being worked to, was delivering these hubs through existing estates portfolios. He provided an overview of the locations of each of the hubs across the city.

The Strategic Director (Development) explained the rationale as to why Chorlton Health Centre had been selected as one of the 12 multi-disciplinary place based hubs and in doing so informed the Committee that the final decision on using this location was taken by NHS colleagues, not the Council. He advised the Committee that within this partnership arrangement, the Council was the facilitator in providing the locations for services to be delivered from; as to what services would be delivered from these premises rested with Health partners. The Deputy Leader reassured the Committee that scrutiny of how these hubs would operate and the geographical spread had been reviewed by the Council's Health Scrutiny Committee on a regular basis.

The Deputy Leader commented that there was a rapidly evolving estate redevelopment programme being developed by the Council and its partners and it was envisaged that some buildings would service more than one ward. He acknowledged the need to be more explicit and brief Elected Members who represented residents that would be accessing services from these hubs, regardless of whether they lived in the ward where the hub was located or not.

In terms of the Gorton Hub, the Strategic Director (Development) advised that the Council was evaluating a number of options. The Council had the option to consider taking the space which would be vacated by One Manchester and relocate Council services from current premises that the Council were leasing which would be more cost efficient for the Council. An alternative consideration would be to reduce the size of the building, however, this option would require the need to go through the capital gateway process again. In respect of Hammerstone Road, it was acknowledged that the cost of modular units had increased in recent years, although there were new evolutions of these types of units. The aim of the proposals was to provide the most cost efficient way of providing space for staff in that location and as the project was in the early stages of design, the high level cost plan did not differentiate between the delivery of a modular build and a traditional build at this stage but this analysis would be undertaken.

The Head of Corporate Estates explained that the Coroner's Court would relocate in June 2018 and until then would remain in Court 2 within the Town Hall with controlled access to certain suites of rooms. The main court would move to another court within the city and this arrangement would be in place until April 2018.

In acknowledging the concerns raised by the Committee, the Deputy Leader proposed that in May and June, Ward Co-ordination meetings would be taking place and suggested that an estates report to each co-ordination meeting might be of some assistance for Members along with further information on the 12 multi-disciplinary Place Based Hubs.

Officers advised that at present, the Council's focus in terms of its operational estate had been on co-location of Council services with its partners rather than income generation from small businesses.

Decision

The Committee:-

- (1) Notes the report;
- (2) Requests that Ward Members are provided with a briefing of the services to be delivered from the 12 multi-disciplinary Place Based Hubs which their residents will access;
- (3) Agrees to invite the LCO to a future meeting to discuss estates integration with the Council;
- (4) Requests an item of information on the cost comparisons of modular hubs at Hammerstone Road as opposed to a change of use of the existing building;
- (5) Supports the proposal to re-locate council services into the new Gorton Hub;
- (6) Supports the proposal to provide an assessment of estates provision to each new ward co-ordination committee and in doing so agrees that the Deputy Leader meets with the Chair of the Committee and appropriate Officers to discuss how best to implement this proposal;
- (7) Requests that Officers reassess the Council's estates strategy to ensure that it complements and fits with the Council's Our Manchester Strategy and vision for future service delivery for the next 10 to 15 years; and
- (8) Requests that the minutes are forwarded to Health Scrutiny for information.

RGSC/18/04 Business Rates Retention

The Committee considered a report of the City Treasurer, which provided an update on the Greater Manchester (GM) pilot for 100% Business Rates retention.

Officers referred to the main points and themes within the report, which included:-

- The amount retained as a result of this pilot for GM in 2015/16 was £6m (£2.7m of this related to Manchester);
- The proceeds of the 2016/17 100% growth retention pilot had yet to be confirmed by DCLG but had been calculated by GM districts at £10.5m (£2m of this related to Manchester);
- A report to the Association of Greater Manchester Authorities had recommended that 42% of the 2016/17 proceeds were shared across individual district and the remaining 58% submitted to the GMCA;
- Formal confirmation was awaited on the extension of the 100% pilots beyond 2018/19 but there was an expectation, following the Local Government Provisional Financial Settlement, that it would now include 2019/20;

- The business rates baseline ('tariffs and top-ups') would be reworked to ensure that authorities were not adversely affected at the start of the new arrangements. However, the move to 100% retention would not represent additional funding for local government
- The largest area of uncertainty in relation to Business Rates was the volume and scale of appeals;
- Following consultation, the check, challenge, appeal was introduced for all appeals against the 2017 valuation list. This placed more responsibility on ratepayers to provide information about why they were appealing and would also have cost implications for the appellant, which would potentially reduce the volume of appeals

Some of the key points that arose from the Committees discussions were:-

- Why had the amount of retained business rates for Manchester fallen between 2016/17 and 2017/18;
- Were there any incentives or Business Rates discretion for small businesses that were struggling to pay; and
- Clarification was sought on the arrangements for the sharing of proceeds across the Greater Manchester Authorities.

The City Treasurer advised that the amount of retained Business Rates had been affected by the number of challenges and appeals submitted alongside the number of empty properties across the city. She also reported that businesses below a certain size were exempt from paying Business Rates and there was also a Business Rates Support Scheme available via the Council's website for those businesses that were struggling with payments. Furthermore, she advise the Committee that the agreement that had been reached within the pilot, was that each Greater Manchester Council would retain 50% of its own Business Rates growth and the remaining 50% would be submitted to the Combined Authority.

Decision

The Committee notes the report

RGSC/18/05 New Homes Bonus

The Committee considered a report of the City Treasurer, which provided an overview of the New Homes Bonus (NHB) funding arrangements.

Officers referred to the main points and themes within the report, which included:-

- The New Homes Bonus (NHB) was introduced to provide an incentive for local authorities to encourage housing growth in their areas;
- Since NHB was introduced, over 1.2 million homes had been delivered;
- The NHB was distributed according to the level of housing growth and homes brought back into use, and the banding of such houses;
- Consultation responses to government had outlined concerns with NHB as it was not considered a suitable incentive for housebuilding;

- There had been a disproportionate fall in Government contribution to the NHB scheme, which ultimately passed the funding requirements onto authorities;
- The NHB was measured at Council Tax Band D level, however, almost 90% of Manchester's housing stock fell between Bands A to C resulting in less funding being received via the NHB grant than if it were a flat rate per dwelling;
- The final NHB allocations for 2018/19 would be published alongside the Final Local Government Finance Settlement in February 2018. The estimated receipt for Manchester was £6.4m, which had been allowed for when setting the budget

Some of the key points that arose from the Committees discussions were:-

- Where had the majority of the 1.2million home been delivered;
- Was the Council proposing to build more Band D properties in order to receive for NHB monies and if so what impact would this have on the need to deliver affordable homes;
- Could anything be done to bring the number of empty properties in Manchester back into habitable use
- What was the deficit or surplus to the Council in relation the top slicing of funding towards the NHB in Manchester

The City Treasurer agreed to provide information on where the 1.2million new homes had been built across the country. It was acknowledged that in terms of housing stock, the majority of Manchester homes were Band A-C and the Council had lobbied the government on this particular issue, as this was resulting in less NHB funding being received in Manchester. It was reported that the Council was not intending in building more Band D properties, and the growth in housing in Manchester was, in the main, providing properties between Bands B and C. The City Treasurer agreed to provide the committee with information on the 2016/17 top slice figure.

Decision

The Committee notes the report.

RGSC/18/06 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which contained key decisions within the Committee's remit and responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

Decision

The Committee:-

- (1) agrees its Work Programme subject to the inclusion of an item on the Governance arrangements of the Our Manchester Voluntary and Community Sector (VCS) Funding to the 1 February 2018 meeting; and
- (2) requests that Officers provide further information on the items listed on the Register of Key Decisions in relation to Lincoln Square/Brazennose Street and the Provision of Gully Cleansing Framework.

