

## **Resources and Governance Scrutiny Committee**

### **Minutes of the meeting held on 1 February 2018**

#### **Present:**

Councillor Ollerhead - in the Chair

Councillors Ahmed Ali, Barrett, Connolly, Karney, Lanchbury, Moore, Siddiqi, A Simcock, Strong and Watson

Councillor S Murphy, Statutory Deputy Leader

Councillor Flanagan, Executive Member for Finance and Human Resources

Councillor B Priest, Deputy Leader

Councillor Rahman, Executive Member for Schools, Culture and Leisure

#### **Apologies:**

Councillors Davies, Hitchen, Ludford and Russell

### **RGSC/18/07 Minutes**

#### **Decision**

To approve as a correct record the minutes of the meeting held on 7 December 2017 subject to the inclusion of Councillor Andrews in the attendance.

### **RGSC/18/08 Our Manchester Voluntary and Community Sector (OMVCS) Funding Programme: Review of Governance Arrangements**

The Committee considered a report of the Deputy Chief Executive (Growth and Neighbourhoods) and Executive Director for Strategic Commissioning and Director of Adult Social Care Services (DASS), which provided a review of the governance arrangements of how the OMVCS fund was managed, who made the decisions as to which groups were awarded funding and what procedures were in place to ensure fairness across its allocation process.

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

- The OMVCS fund was £2,467,054 a year for three years (£7.4m in total) and brought together existing strands of Council funding which included the Equalities Funding Programme, Community Associations Fund, Mental Health contracts, Health and Wellbeing grants, carers contracts and two small miscellaneous contracts;
- The OMVCS funding programme was a new grant programme which had an aim of simplifying arrangements, so that voluntary sector groups were clear what was expected from them;
- The OMVCS Funding Programme was overseen by the OMVCS Programme Board which was chaired by Councillor S Murphy;
- The process that had been followed for the first funding round had been that an Assessment Panel assessed each application, and, following a detailed six

stage process, produced a recommended funding programme for consideration by the OMVCS Programme Board;

- The allocation process was designed to reward organisations doing good work in their neighbourhoods, whose applications were robustly assessed against agreed criteria, looking at the evidence provided by groups;
- An assessment panel of six people, including an independent (non-voting) chair had assessed applications to the fund and generated a set of recommendations for review by the OMVCS Programme Board;
- As well as ranking applications, a further stage of the process was included, ensuring a balanced programme across a number of criteria; and in doing so it was acknowledged that because of the size of the fund, and the quality of the applications received, it was not possible to fund groups in every neighbourhood and to serve every community of identity; and
- Work was now underway to produce a gap analysis to help inform plans for addressing those areas of the city, and in communities of identity where voluntary sector capacity needed additional support, within the wider commissioning agenda.

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

- Concern was expressed with the perceived lack of communication from the Programme Board with Elected Members in relation to notifying of which groups had and had not been successful with their submissions;
- Concern was also expressed with the way in which some organisations had been informed as to whether they had or had not been successful in their submission;
- How were Ward Members going to be involved in informing plans for addressing those areas of the city where voluntary sector capacity needed additional support
- Reassurance was sought that when the gap analysis was completed, there would still be funding available for other groups;
- Clarification was sought as to why Councillor S Murphy (Statutory Deputy Leader) was the only Elected Member representative on the Programme Board;
- Concern was expressed that the co-design group had consisted of representatives from groups who would have involvement in future funding submissions and that this would put these groups at an unfair advantage when submitting submissions
- It was suggested that guidance needed to be produced that could assist groups who were new to the process which would enable them to submit strong submissions

The Statutory Deputy Leader advised that the Board had given an indication to notify all groups of the outcome of their submissions by the end of December 2017 and consultation with Elected Members had taken place on this. She accepted the concerns raised by Member in relation to the communication that had taken place with unsuccessful group and had given an undertaking to review how future communications were handled. She also gave reassurance that all groups had now been informed of the outcome of their submissions, with some being visited by Officers to explain on a face to face basis.

The Committee was informed that the makeup of the Programme Board had been agreed through the Council's Scrutiny and Executive process but agreed to review its membership at the end of the current round of funding and if changes were required these would be considered through the appropriate channels.

The Deputy Chief Executive (Growth and Neighbourhoods) advised that the outcomes from the gap analysis could be shared with Committee Members when available and that as almost all of the CVS funding had been allocated, the Council would look to other resources to support gaps identified. The Statutory Deputy Leader also advised that any conversations with groups identified from the gap analysis would be reported to Ward Members.

The Statutory Deputy Leader provided reassurance that OMVCS grant programme which was designed by the co-design group was shared with Elected Members for comment before being issued to groups for their views and at no stage had there been concerns raised about representatives from groups who would have involvement in future funding being part of the design group. It was acknowledged that the ability to provide support to smaller groups had been limited, however, with the Programme team in place, it was envisaged that there would now be development and administrative support available

## **Decision**

The Committee

- (1) Recommends that a review is undertaken to ensure that future communications by the Programme Board to both Elected Members and Groups are timely and adopt an "Our Manchester" approach;
- (2) Requests that consideration be given to reviewing the membership of the programme Board with a view to appointing Councillor Craig, Executive Member for Adult Health and Wellbeing;
- (3) Recommends that the Assessment Panel is constituted from a wider spread of organisations and in doing so encapsulates representation from the North of the City;
- (4) Requests that Officers submit an update on the governance arrangement of the fund report to a future meeting; and
- (5) Supports the proposals that the Communities and Equalities Scrutiny Committee establish a Task and Finish Group to look at the assessment and allocation process before the next round of funding applications, and that the membership of this Group includes members of this Committee

## **RGSC/18/09      Our Town Hall**

The Committee considered a report of the Deputy Chief Executive (Growth and Neighbourhoods), presented by the Director of Trading Services, which provided a progress report on the refurbishment and partial restoration of the Town Hall and Albert Square under the Our Town Hall project.

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

- The progress that had been made with the decant of the Town Hall;
- The progress with the design phase of the project and arrangements for the procurement of a Management Contractor;
- An update on maximising social value through the project; and
- Recent communications activity, particularly in the run up to the public closure of the building.

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

- Would Elected Members be invited to the forthcoming procurement launch event;
- What impact, if any, had the collapse of the construction firm Carillion had on the project;
- How did the Council inform its residents of the social value benefit that would arise from the project;
- What steps were the Council taking to ensure that there would be an all-inclusive workforce policy to ensure there would be no barriers to employment;
- Clarification was sought as to how the target for apprentices employed on the project would relate to new starters;
- What reassurance could be given that there was the necessary supply chain for the specialist work required; and
- It was commented that the local labour and social value targets still appeared to be low in the opinion of the Committee.

The Director of Trading Services gave an undertaking to ensure Members of the Committee were invited to the forthcoming procurement launch event. The Committee was advised that the collapse of Carillion had brought greater focus on SME's and their ability to remain solvent. Assurance was given that the procurement of SME's on the project would be handled professionally to ensure they were not put at risk.

The Director of Trading Services recognised the importance of communicating the social value aspect of the project with Manchester residents and advised that this would be encapsulated in the next stage of the project.

The Deputy Leader commented that there would be an expectation that all contractors adhered to an all-inclusive workforce policy and if there were any issues in connection to this staff would be urged to come forward and report these issues.

The Director of Trading Services confirmed that the apprenticeship target for the project was in relation to new apprentices. Officers advised that the project was embarking on the procurement of a management contractor and it would be their responsibility, once appointed, to ensure the necessary specialist supply chain was in place. It was noted that a more detailed presentation on social value would be given to the next meeting of the Ethical Procurement Sub Group and this would enable a more detailed discussion.

## **Decision**

The Committee notes the report.

### **RGSC/18/10 Update Financial Strategy and Directorate Budget and Business Plans 2018-2020**

The Committee considered a report of the Chief Executive and the City Treasurer which provided Members with an update on the Council's financial position and set out the next steps in the budget process, including scrutiny of the draft Budget proposals and Directorate Budget and Business Plan reports and accompanying Delivery Plans by this Committee.

The Committee received and considered the Corporate Core Budget and Business Planning – 2018-2020, the Strategic Development Budget and Business Planning - 2018-2020 and the Growth and Neighbourhoods Budget and Business Planning - 2018-2020, their respective Delivery Plans and the Housing Revenue Account 2018 - 2021

The Committee had been invited to comment on these reports prior to their submission to the Executive on 7 February 2018.

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

- There was a need for more context within the reports in terms of the cuts the Council has had to make in light in the reduction in government funding;
- Members would have benefitted from the inclusion of outturn reports for the appropriate budget papers to allow scrutiny to look further into the actual spend not just the top-line spend;
- Manchester was facing a humanitarian crisis in relation to the level of homelessness in the City and there was a need to invest further in addressing this crisis;
- It was acknowledged that to increase Council Tax any further than what was being proposed would have a detrimental impact on resident;
- How was the Council contributing to the Governments Fair Funding Review and what role could scrutiny play;
- Assurance was sought that the Council was taking steps to ensure that risks associated with not filling empty vacancies was managed appropriately;
- Concern was expressed about the impact Universal Credit would have on Council support services and those residents that currently accessed these;
- Clarification was sought as to the difference between gross budgets and net budgets;
- How rigorously did the Council evaluate the effectiveness of long term contracts to ensure the Council was still benefitting from the contract;
- Concern was expressed with the Capital Programme 2017/18 budget, forecast and spend to date, as there were a number of departments that had large amounts of capital spend still to deliver before the end of the financial year;
- What effect would the slippage of capital projects have in terms of deliverability of the projects;

- Consideration needed to be given to potentially capitalising revenue costs in relation to staffing for over certain projects in order to ensure that these projects remained deliverable;
- Concern was expressed with the risks associated with delivering maintenance and improvements to Council properties through the HRA in light of Government proposals to reduce council rents;
- What was the total value of external funding programmes which the council was currently in receipt of and who determined what this funding was spent on; and
- There was a need to consider the use of appropriate and understandable terminology within future reports

The Executive Member of Human Resources and Finance acknowledged that the Council had to date had to make savings of £320 million with a further £35 million planned between now and 2020. He gave assurance that the Council would not be taking the option afforded to them to increase Council Tax by a further 1% or by the proposed Mayoral Precept level, on what was already planned, as the Council recognised the pressures its residents were already under.

The City Treasurer advised that there was a consultation out at the present moment which the Council was responding to in relation the Fair Funding Review. She agreed to bring a report to a future meeting of the Committee which set out the remit of the review and the work that was taking place.

The City Treasurer advised that the gross budget was the total budget available to spend which included grants and fees, whereas the net budget was the amount of budget that was left after taking into account grant funding and fees and charges, in essence the difference was income. The Executive Member of Human Resources and Finance commented that the Council needed to strengthen its evaluation of long term contracts and commented that scrutiny could play a role in ensuring that these contracts were still effective

The Deputy City Treasurer advised that Officers had been challenging spend profiles for departments and assurances were sought from Strategic Directors that these underspends would be addressed. There was a number of significant costs that would take place in the last financial quarter of 2017/18, in particular within Highways and Housing which would address some of the capital spend that was yet to be made. The Executive Member of Human Resources and Finance also commented that he would welcome scrutiny of those capital budgets where there was significant over and underspend.

The City Treasurer advised that in terms of slippage of capital projects, there was a need to demonstrate a longer term view and more realistic planning of the projects. There was possibly a need to look at the whole life of a scheme in terms of monitoring in order to provide an accurate picture of the money being spent and whether a project was being delivered on time and to cost.

The Director of Housing advised that measures had been taken to address the risks associated with the possible deficit in the HRA, which had included a reduction in the management fee and a review of internal costs. He provided reassurance that Manchester was in a better position in terms of its HRA compared to other Local

Authorities and there would be a positive balance within its HRA for a number of years.

The Deputy Chief Executive (People, Policy and Reform) acknowledged the need to consider the terminology used within reports and advised that the total amount of external European funding the Council was in receipt of equated to £72 million and for Greater Manchester was £400 million. The determination of what this funding was spent on was dependent on the programme being managed and each would have accountability to the relevant Executive Member.

**Decision:**

The Committee

- (1) welcomes the report and notes that this is the second year of a three year budget;
- (2) endorses the recommendation that the Executive approves the budget proposals and that these are included in the budget to Council;
- (3) agrees to reserve the right to scrutinise areas of service delivery which will be addressed through the Committee's Work Programme;
- (4) requests that Officers consider using a simpler format for future budget papers in order to make them easier to understand; and requests that Officers use appropriate and understandable terminology within future reports

**RGSC/18/11      Delivering the Our Manchester Strategy**

This item was deferred to the next meeting on 1 March 2018.

**RGSC/18/12      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) notes the report;
- (2) agrees that the Chair and the City Treasurer meet to determine the items of business for its meeting on 1 March 2018.