

Resources and Governance Scrutiny Committee

Minutes of the meeting held on 19 February 2018

Present:

Councillor Ollerhead - in the Chair

Councillors, Barrett, Connolly, Davies, Karney, Lanchbury, Siddiqi, A Simcock, Strong and Watson

Councillor Leese, Leader

Councillor B Priest, Deputy Leader

Councillor Flanagan, Executive Member for Finance and Human Resources

Councillor Craig, Executive Member for Adult Health and Wellbeing

Councillor N Murphy, Executive Member for Neighbourhoods

Councillor Stogia, Executive Members for Environment

Councillor Paul, Chairman of Neighbourhoods and Environment Scrutiny Committee

Councillor Reid, Chairman of Children and Young People's Scrutiny Committee

Apologies:

Councillors Ahmed Ali, Hitchen, Ludford, Moore and Russell

RGSC/18/13 Death of Councillor S Newman Executive Member for Children's Services, Councillor for Chorlton and Lady Mayoress

The Chair informed the Committee with great sadness that Councillor S Newman had passed away suddenly over the weekend. On behalf of the Committee he stated that his thoughts and condolences were with her husband, Lord Mayor Councillor Eddy Newman, their three daughters and family at this sad time.

The Committee and all present stood as a mark of respect for the sad loss of life.

The Chair adjourned the meeting for 15 minutes.

RGSC/18/14 Budget report 2018-2020

The Committee considered a report of the Chief Executive and the City Treasurer which provided an update on the Council's financial position following scrutiny of the draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans by all Scrutiny Committees.

The City Treasurer referred to the main points in the report, which included:-

- An additional £166m of funding to Local Government had been announced by Government following its release of the final finance settlement on 6 February 2018, which would be funded from underspends in Government departmental budgets;

- £150m of this funding was to be allocated as Adult Social Care Support Grant and distributed according to the Adult Social Care Relative Needs Formula. This Council's share was £1.667million.
- There would be a one off investment of £5.8m by the Council to deliver a balanced budget for health and social care for 2018/19;
- The NHS Planning Guidance published in early February had announced some additional resources for 2018/19, with the resources available to CCGs nationally increased by £1.4 billion;
- Proposals were currently being developed as to how the CCG additional funding would be utilised. The joint financial plan for the pooled budget would be reported to the MHCC Board, Health and Well Being Board and March Executive;
- The Business Rates base for budget setting purposes was set on 31 January 2018. There was an additional business rates income of £1.251m and additional (Section 31) grant income of £133k, which, due to the inherent volatility with business rates income, was proposed to be added to the business rates reserve;
- The GMCA was recommending a reduction in the General Budget, Transport levy budget and Mayoral General Budget contributions from District Authorities as well as a return of funding to district, which for Manchester totalled £1.598m following required adjustments a number of other GMCA contributions;
- The Executive had amended the proposal to increase Council tax by 4.99% to 3.49% with 1.5% of that specially earmarked for adult social care and support for some of our most vulnerable residents;
- A working assumption had been made that the remaining 1.5% adult social care increase allowed within the four year settlement would be applied in 2019/20.
- The change in the proposed increase to Council Tax would result in a reduction in Council Tax Income of £2.169m in 2018/19. This would be met from the £1.598m outlined above and £571k from the business rates reserve; and
- The Executive had proposed to establish a £50k welfare fund for children who arrive at school without food and in need which would be funded from the business rates reserve.

The Committee then received a statement from the Executive Member for Finance and Human Resources on the Executives budget proposals and the key issues underlying the budget process.

The Leader commented on the regressive nature of Council Tax and its disproportionate impact on low income households. It was reported that for this reason, the Council had, with some success, been able to keep its Council Tax increases amongst the lowest in Greater Manchester. He went on to explain what services Council Tax income was spent on, as previously identified as important by Manchester residents.

The Chair then invited the Scrutiny Chairs in attendance to bring to the Committees attention any concerns/issues that had arisen from their scrutiny of individual business plans. There were no financial issues or concerns raised. It was however commented that for future budget reports, it would be helpful if Scrutiny Committees had information on a projected yearly financial outturn to determine if Directorates were on target to deliver their budget savings.

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

- What did the Council anticipate for the future in relation to the Business Rates pilot and was it expected to continue beyond 2018/19;
- Had all pay awards agreed and implemented and if not was there contingencies within the proposed budget for these;
- Had consideration been given to the consequences of cross departmental workings in relation to homelessness which may impact on residents in receipt of welfare grants;
- There was lack of information on how the Council aimed to tackle the low skills base of the over 50's in Manchester in enabling all residents to share in the City's economic success by getting good jobs
- Clarification was sought on the use of reserves set aside for previous historic abuse claims;
- What implications did Brexit potentially have on the Manchester Airport Dividend;
- There was a need for simpler clarity in terms of the financing of the Local Care Organisation;
- Was the Council borrowing enough money to improve its highways, as there appeared to be a capacity to borrow a further £400million;
- Why was the repayment for borrowing the same for the next two years;
- It was suggested that as part of Council Tax notices, an explanation of the use of reserves was provided for Manchester residents;
- How much was the Council exposed to potential increases in interests rates;
- What was the Council doing to ensure that it remained financially solvent to ensure that that the expenditure of the authority incurred in a financial year did not exceed the resources available to it to meet that expenditure, akin to what had happened at Northamptonshire County Council;
- Was the Council getting best value for money from its estates and where they being used efficiently; and
- Was the Council doing enough to challenge those Departments that were breaking even or underspending on their budgets

The City Treasurer advised that the arrangements for Business Rates past 2018/19 had not yet been confirmed. At present it was a two year pilot for 100% retention. The Council was working with the Government in terms of what the future retention and plans would be, with an assumption currently that 75% of Business Rates would be retained. It was also commented that the new appeals process had added to the uncertainty on the level of income that would be collected.

The Executive Member for Finance and Human Resources advised that in terms of pay awards, an agreement had not been reached yet on the national pay award but the Council had contingencies in place for this for when an agreement was reached. In terms of welfare support to residents, there was contingencies in place to support residents and the most vulnerable impacted by Universal Credit. As the Council

developed its homelessness support offer, consideration was being given to the impact that this might have on all welfare provision budgets.

The Executive Member for Environment advised that there were pieces of work taking place to address the skills shortages in older people with MAES. The concerns raised had also arisen at previous Economy Scrutiny Committee meetings and as such all of the work that was being undertaken to support older people gain suitable and worthwhile employment was being collated and would be presented to a future meeting of the Economy Scrutiny Committee.

The Executive Member for Adult Health and Wellbeing commented that the MHCC budget report detailed how the LCO was to be funded via pooled budgets with the Council. She agreed to address any specific questions around budget controls and the use of pooled budgets if Members had any further concerns.

The Leader advised that the Airport had undertaken assessments based on a hard and soft Brexit.

The City Treasurer explained that use of reserves set aside for previous historic abuse claims had been incorporated into the use of other reserves to support the overall revenue budget for the next two years.

In relation to borrowing, the Leader commented that the Council would have to borrow a significant amount of funding for the restoration of the Town Hall and there was a need to ensure the Council was able to make repayments of any capital borrowing. As such it would not be financially prudent to borrow up to the Council's maximum limit. The Executive Member for Environment also commented that the highway investment was part of a three year programme of work with year one coming to an end this year. She had requested staff to evaluate the success of year one and develop business cases for years two and three.

The Leader commented that the reason why the repayment of borrowing was the same was due to the Council managing its capital programme successfully from underspends in other areas to offset the amount of borrowing required.

The City Treasurer advised that in terms of interest rates, when looking at the capital financing budget and potential risks the Council looked at future forecasts from a number of sources which were factored in. Reassurance was given that the Council was not significantly exposed at the present moment.

The Leader advised the Council had for many years, consistently got its finances into a position where it was able to set and deliver its budget. This had included taking difficult decisions when required and setting budgets for three to four years in the future rather year on year.

In terms of the Council's estates, the Deputy Leader commented that the Council was improving in managing its estates and where possible realising the value in properties it owned. The Leader commented that there was a wider review of the use of all public sector estates taking place and where possible shared use buildings. Consideration was also being given to those buildings that the Council no longer had

as need for and see whether these could be utilised by other organisations/groups through Community Asset Transfers.

The Executive Member for Finance and Human Resources advised that those Departments that were breaking even or underspending could be and, going forward, would be challenged more in terms of using public money in a smarter way.

The Committee then received a statement from the Deputy Leader regarding the Housing Revenue Account calculations for 2017/18 to 2019/20 and its use.

There were no questions on the Housing Revenue Account.

No amendments to the budget had been submitted and no other members of the Council had requested the opportunity to address this meeting of the Committee.

Decision

The Committee:-

- (1) endorses the decisions of the Executive on 7 February 2018; and
- (2) commends the proposed budget for consideration by Full Council at its meeting on 2 March 2018