

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Thursday, 11 October 2018

Present:

Councillor Russell (Chair) – in the Chair

Councillors Ahmed Ali, Andrews, Barrett, Clay, Davies, Lanchbury, Kilpatrick, R Moore, B Priest, A Simcock, Watson and S Wheeler

Also present:

Councillors: Leese, Bridges, N Murphy and Ollerhead

Apologies: Councillor Rowles

RGSC/18/50 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 6 September 2018.

RGSC/18/51 Ethical Procurement Sub Group minutes

Decision

To note the minutes of the Ethical Procurement Sub Group held on 13 September 2018

RGSC/18/52 Our Integrated Annual report 2017/18

The Committee considered a report of the Chief Executive, detailing the Council's Integrated Annual Report 2017/18, which contained funding, key activities and performance during 2017/18 data, to illustrate what the Council had achieved and how it had been achieved as worked towards its goal of happier, healthier and wealthier lives for Manchester residents.

The Directorate Performance, Research and Intelligence Officer referred to the main points and themes within the report which included:-

- The progress made throughout the year in addressing key governance challenges;
- Where the Council's funding had come from and how this funding had been spent;
- Details on various operational models which transformed inputs through business activities, into outputs and outcomes;

- Key performance indicators that were being used to monitor the delivery of strategic objectives; and
- A high level analysis of our financial performance within 2017/18;
- The approach to risk management to ensure that the Council had robust processes in place to support the delivery of its strategic goals, including those contained within the Our Manchester Strategy.

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

- Why was there no reference within the report to Manchester's Age Friendly Strategy;
- It was commented that it would have been preferable for Scrutiny to have had sight of the report prior to its final form in order to have some influence over the content;
- How did the report link into the State of the City report; and
- It was queried as to the purpose, necessity and cost of producing this report if similar information was contained within the State of the City report.

The Directorate Performance, Research and Intelligence Officer acknowledged the omission of Manchester's Age Friendly Strategy from the report and advised that as the report had not yet been published on the Council's website, it could be amended to incorporate reference to the Strategy. It was also commented that in future years, the Committee would be sighted of the production timetable and Officers will look to incorporate Scrutiny's views before it was finalised.

The Leader advised that the State of the City Report was the Council's key annual report which monitored the delivery of the Our Manchester strategy and contained the most up to date statistics for each financial year. It was a more detailed and thorough analysis and included relevant comparator data in comparison to the report before Committee. It was also reported that the State of the City report would be submitted to Scrutiny for comment before it was published.

The Executive Member for Finance and Human Resources advised that he would ask Officers to cross reference the content of the Integrated Annual report with that of the State of the City report to identify if there was duplication of information. The City Treasurer added that the Council was required to produce a document that set out the Council's Annual Accounts in a format that was simple to understand and the Integrated Annual Report fulfilled this requirement.

Decision

The Committee:-

- (1) Notes the report;
- (2) Welcomes the offer from the Executive Member for Finance and Human Resources to request Officers to cross reference the content of the Integrated Annual Report with that of the State of the City report to identify if there was duplication of information; and

- (3) Requests that if duplication of information does exist, Officers investigate if there is a future requirement to continue producing the Integrated Annual Report.

RGSC/18/53 Review of Children's Services Budget

The Committee considered a report of the Strategic Director Children and Education Services, which set out the impact of Council resources to support Children's Services to improve outcomes for Manchester's children who required additional support. The report also provided an outline of the issues driving the current overspend in the Children's Services budget in 2018/19 and summarised the success in delivering the planned workforce changes and reducing reliance on use of agency staff.

The Strategic Director Children and Education Services referred to the main points and themes within the report which included:-

- The reduction in the Children's Services budget position between 2011/12 to 2018/19;
- The investment into Children's Services since 2015/16 from non-recurrent resources to support new working arrangements, early help/intervention, evidence based practice, increased social work capacity to reduce the size of social workers caseloads and fostering and adoption services;
- The projected level of need for children and young people from 2018 to 2020 including associated costs;
- Comparisons with other core cities had identified that Manchester was now a lower than average user of residential care but a higher user of external foster care compared to internal foster care;
- Demographic trends for child population at a local, regional and national level, including the increase in the number of looked after children per 100,000 of the population and the disproportionate rise in complexity of the young person's population;
- The performance, improvement and impact of schemes such as Troubled Families and Families First;
- Practice improvements and the impact on outcomes; and
- The current budget management strategy.

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

- How many agency staff were in interim management positions and what was the impact of this in the delivery of efficiencies due to a potential lack of continuity at a management level;
- Was it possible to have any detail on the number of social workers currently on suspension from work;
- What was the ratio of frontline social workers to managers;
- Was the anticipated reduction in the number of external placements for children a realistic target;
- How much of domestic violence costs were related to supporting children and young people;

- Was Manchester's direction of travel viewed by its peers as positive;
- What was planned to achieve the targeted savings in Looked After Children;
- What did it cost the Council to place a child in different types of care;
- Clarification was sought as to whether it was correct that 1 in every 100 children in Manchester was in the care of the local authority;
- It was noted that early intervention made the most significant difference and helped prevent children being placed into residential care;
- There was concern that budgetary challenges would still exist beyond the current saving plans based on the increase in child population, complexity of needs and the increase costs of services.

The Chair of the Children and Young Peoples Scrutiny Committee had been invited to the meeting for this item and commented on the work being done by his committee to address some of the concerns that had been raised by Members.

The Strategic Director Children and Education Services reported that there were approximately 5 out of 52 posts filled by interim managers and commented that this was often due to the posts being difficult to recruit to. He advised that the current ratio of staff to managers was eight FTE's to one manager but that this on occasions could vary. The Committee was informed that there were currently seven members of staff suspended due to allegations of gross misconduct. These investigations often took time to complete but progress was tracked and monitored on a monthly basis. He reassured Committee that suspension was only undertaken where there was no other viable option. The importance of a stable workforce in delivering efficiencies was recognised and the service now only had 53 agency staff employed. The Executive Member for Finance and Human Resources commented that he had raised the issue of the length of time some staff had been on suspension with officers in HR and this was being looked into.

The Committee was advised that the budget pressure for Looked After Children related to the costs of placements, with some placements currently costing significant amounts. The Strategic Director advised that the service was committed to safely reducing the number of Looked After Children in Manchester in order to achieve the identified savings but acknowledged that there were challenges that needed to be overcome. The Head of Finance (Adult Services, Children's Services and Homelessness) commented that whilst there had been a reduction in the number of Looked After Children, this had not been at the anticipated pace and as such the resulting overspend would be revisited to look at how best this could be addressed. In terms of domestic violence resources, specific support for children formed part of the social work intervention, delivered in partnership; as such it was not possible to place a specific cost on this.

The Strategic Director Children and Education Services commented that in his opinion, the Council's peers would say that the Council's direction of travel was positive, however, challenges still existed due to the complexity of children's needs, the service is still in transition and the demographic of the city's population. It was recognised that whilst the Council did not have difficulties in recruiting to social worker positions, it did have difficulties like many councils in retaining experienced frontline staff, however, it was noted that there had been a slowdown in the turnover of staff.

The Committee was advised that comparatively, the Council looked after 104 per 10k population and the costs associated with this varied. An external foster care placement could cost in the region of £1000 per week, compared to an internal placement which would cost circa £500 per week. The high cost placements related to complex residential placement which in some instances could cost circa £4000 per week. The Strategic Director added that whilst there had been a significant shift and increase in the number of internal foster care placements and Special Guardianship Orders, any slight movement, often made a significant difference to the budget for Looked After Children.

The Strategic Director Children and Education Services and Executive Members for Children's Services acknowledged that there would be challenges ahead, but reassured the Committee that the first priority would always be the safety of Manchester's children. It was stressed that early intervention was key to making the financial savings needed.

Decision

The Committee notes the report.

RGSC/18/54 Budget and Global Monitoring and the Council's proposed recovery plan

The Committee considered a report of the City Treasurer, which provided a summary of the Council's revenue budget and forecast outturn position for 2018/19. This was based on an assessment of income and expenditure to the end of August 2018 and financial profiling to 31 March 2019. The report also contained details of the recovery plans which have been drawn up to offset the overspend previously reported and to work towards a sustainable position from 2019/20.

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

- A summary of the Council overall budget position for 2018/19 ;
- The progress that had been with saving achievements;
- Details of budget recovery plans which had been drawn up to offset the overspend previously reported and to work towards a sustainable position from 2019/20;
- An evaluation of Invest to Save Initiatives;
- Details of budget virements, budgets to be allocated and use of reserves;
- Prudential Indicator figures;
- Future budget considerations for 2019/20 and a five year forward view beyond the current Government settlement period; and
- The proposed budget setting process and timeline for 2019/20.

The report was to be considered by the Executive at its meeting on 17 October 2018.

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

- Had the Council or the Executive Member for Finance and Human Resources contributed to the LGA Autumn Statement submission as it had been estimated that further £1.3billion cuts were to be made from to the 2019/20 grant;
- Was it envisaged that the Council would be looking to set another long term budget strategy, taking into account Business Rates retention and the outcome of Brexit;
- Was the Council considering lobbying government for a local taxation reform in relation to Council Tax bandings;
- How could Non-Executive Members be made aware, or involved in, the conversations that were taking place at national level in regards to local government funding;
- There was a need to be mindful in the use of the term 'savings' when referring to Mental Health overspend and in particular early intervention;
- How many agency staff were employed in the care sector and had consideration been given to the potential impact of Brexit of those employed in this sector;
- How much was spent on bed and breakfast provision outside of Manchester and did this include transport;
- Given the dependence of Business Rate growth retention on future Council budgets and the proposal to reduce this retention to 75%, had there been any impact assessment of this proposal;
- Was there any further information available in relation to the purchasing of temporary accommodation for housing Manchester's homeless;
- Why was there an underspend in the Council's Corporate Core Directorate;
- Why had there been an overspend in the Coroner's Service;
- Why was there still a high level of unfilled vacancies across a number of departments;
- Was all the identified funding for demographic growth required as only a third had been released;
- A better explanation was requested as to why some of the identified savings within Adult Services had not yet been delivered and consideration needed to be given to invest to save opportunities within the service in order to deliver the required savings in a more timely manner;
- Would the proposed virements as detailed in the report have any impact on delivering statutory services next year; and
- Clarification was sought on the prudential borrowing indicators and why the Airport Strategic Investment, which was included in the budget over two financial years, had been incurred this year, resulting in a breach over the set target.

The Executive Member for Finance and Human Resources advised that the LGA Autumn Statement submission was formed following consultation with all local authorities which had received a high level of responses, including a response from Manchester City Council's. He commented that in relation to local taxation reforms and specifically Council Tax banding, no Government had attempted to address this, and suggested that caution was needed in looking at Council Tax bandings as any change could result in making some of the poorest Manchester residents poorer. The Deputy City Treasurer added that the Council did not know yet what its financial settlement would be past 2019/20 so it was not possible at the current moment to

determine whether another long term budget strategy would or could be set. In terms of involvement of non-Executive Members in, the City Treasure agreed to pick this up with the Chair of the Committee and the Executive Member for Finance and Human Resources officer as to how best this could be enacted upon.

The City Treasurer acknowledged that there were some risks around the use of agency staff and the impact of Brexit, and the Council was looking at the potential impact of this and how services were commissioned. In terms of Business Rates retention the City Treasure explained that the Council had undertaken modelling scenarios of both 100% retention and 75% retention so this could be taken into account when planning beyond 2019/20. The Deputy City Treasurer advised that it was temporary dispersed accommodation that was used more outside of Manchester rather than bed and breakfast. The latest figures the Council had in relation to this was 1364 families and single people in temporary accommodation, with 1009 located within Manchester and the remaining 355 outside of Manchester.

The Head of Finance (Adult Services, Children's Services and Homelessness) advised that the Council was looking to purchase 60 properties to help address the levels of homeless families, but it was acknowledged that this would not solve the whole problem based on the high number of individuals and families presenting as homeless. The Deputy City Treasurer advised that the Council was working with the Combined Authority in regards to the total cost of enacting the Greater Manchester Mayor's pledge to tackle rough sleeping, and it was acknowledged that Manchester would have the most significant element across Greater Manchester. The Committee was advised that the Coroner's Service overspend was in relation an increase in the number of complex cases, which required expert witnesses. The City Solicitor added that none of the extra expenditure had been in relation to the Arena bombing but did advise that the Council would need to pay these costs which would then be claimed back from the Ministry of Justice. The City Treasurer confirmed that the relocation of the Coroner's Service was fully funded within the Town Hall decant budget. The Executive Member for Finance and Human Resources advised that there was no freeze on filling vacancies, but there was a review taking place on long term vacancies and whether they were still required. It was explained that the underspend in Corporate Core was in the main as a result from a number of one off initiatives, including a reduction in bad debt provision within Revenue and Benefits and a release of a disaster recovery provision. The remaining underspend was due to staffing and general underspends across the service.

The City Treasure confirmed that all the funding for demographic growth had been projected as needed by the end of the financial year. It was explained that the Council held this funding corporately and then released based on business cases that demonstrated the demand was needed.

The Deputy City Treasurer commented that the Council had undertaken a number of Invest to Save opportunities within Adult Services and Health in order to reduce the demand on services. This had been done through the Greater Manchester Transformation Fund. It was acknowledged that there had been some delays in delivering some of these initiatives and reasons as to why this was had been the case were provided.

The Executive Member for Finance and Human Resources reported that the proposed virements would not have any impact on delivering statutory services next year. The City Treasurer advised that a report was submitted to full Council in December 2017 which detailed proposed an additional share holder loan to support the airport expansion, which would result in a significant rate of return. The payment of these loans was to be split across two financial years, but a decision had been taken to make this payment in this financial year, resulting in the adjustment to the prudential indicator.

Decision

The Committee:-

- (1) Notes the report; and
- (2) Endorses the following recommendations to the Executive:-
 - To approve the proposed virements in paragraph 7.
 - To approve the use of budgets to be allocated and contingency in paragraph 8.
 - To approve the use of reserves as set out in paragraph 9.
 - Recommend to Council that the revised Prudential Indicator for non HRA Capital Expenditure (2) as set out in paragraph 10 is approved.
 - That Council is requested to approve the revised Prudential Indicator for non HRA Capital Expenditure (2) as set out in paragraph 10.

RGSC/18/55 Delivering Equalities through the Council's spending decisions, decision making and monitoring processes

The Committee considered a report of the Deputy Chief Executive and City Treasurer, which provided Members with an overview of the Council's governance arrangements for equalities as part of its planning and decision making processes. The report also set out a schedule of ongoing work to further strengthen the Council's approaches in this area.

The Equalities Team Leader referred to the main points and themes within the report which included:-

- The Council has developed a clear governance model to ensure that equality considerations formed an integral part of its spending decisions;
- An annual report summarising the Council's equality considerations in the budget and business planning process and the associated Equality Impact Assessments (EIA) was considered by the Communities and Equalities Scrutiny Committee;
- Examples of equitable decision making in practice which demonstrated the extent to which an embedded approach to equality considerations had been instrumental in informing planning and decision making processes within the Learning and development opportunities for Council staff in relation to equality considerations in the decision making process;
- The monitoring and analysis of the equality of outcomes in terms of quality of life and access to opportunities; and
- The next steps in relation to governance and data analysis

Some of the key points that arose from the Committee's discussions were:-

- The report did not appear to cover all of the protected characteristics;
- Members expressed that the report did not fully cover how equality decisions were taken into account when determining and setting budgets;
- There was a lack of reference to communication with communities in terms of how equalities had been taken into consideration in the Council's decision making process; and
- Members would have benefitted from having sight of a completed EIA.

The Equalities Team Leader thanked the Committee for their feedback on the content of the report. He acknowledged that in terms of engagement and communication measures there was a need to provide more qualitative information and not just quantitative information. He reassured the Committee that Officers were working with Services to make improvements in this area.

It was proposed by the Chair that the Committee should be provided with a completed EIA as part of the budget reports planned for the Committees meeting in December as this would help the Committee determine if any further scrutiny on this subject was required.

Decision

The Committee requests that a completed EIA is submitted as part of the budget reports planned for the Committees meeting in December in order to help determine if any further scrutiny on this subject is required

RGSC/18/56 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.

A request was made that either an update be provided at the next meeting in relation to the Outstanding Recommendation from the Committee's meeting in January 2018 or if an update was not possible, that this item be removed to the list of Outstanding Recommendations.

Decision

The Committee

- (1) Notes the report; and
- (2) Agrees the future work programmes of the Committee for the remainder of the Municipal Year.

