
Thursday, 6 December 2018

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Thursday, 6 December 2018

Present:

Councillor Russell (Chair) – in the Chair

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

Also present:

Councillors: N Murphy and Ollerhead

Apologies: Councillor

RGSC/19/64 Minutes

The minutes of the meeting held on 8 November 2018 were agreed as a correct record.

RGSC/19/65 The Chancellor's Autumn Statement - implications for Manchester

The Committee considered a report of the City Treasurer, which provided an overview of the key announcements within the Chancellor of the Exchequer's 2018 Autumn Budget outlining the Government's fiscal agenda, and the implications for Manchester.

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

- The 2018 Autumn Budget set out an improved economic forecast and indicative increased public sector spending over the next five years;
- Government expenditure was now expected to grow at 1.2% per year in real terms from 2019-20 onwards (contrasted to an average cut in real-term funding in the 2015 Spending Review of -1.3%);
- The 2019 Spending Review would decide on the balance of funding between government departments, however, it was already clear that much of the additional spend would be directed to the NHS, with spending in other departments likely to remain flat or decline;
- Should the government be unable to reach a Brexit deal with the EU, there could be an upgrade the 2019 Spring Statement to a full fiscal event, which could include further tax or borrowing measures;
- There were announcements for additional Local Government funding this financial year and next. Whilst welcome, they were small and unlikely to have a fundamental impact on the Council's budget strategy for 2019/20, however, the additional Social Care funding could meet some of the pressures faced;

- Specific allocations announced and the associated funding for Manchester which included:
 - a further £240m in 2019/20 for adult social care which equated to £2.667m for each year for Manchester - this followed the allocation of a similar amount in 2018/19;
 - £410m Social Care grant in 2019/20 for adults and children's social care, Manchester's indicative amount was £4.555m;
 - £420m in 2018/19 for potholes that would be allocated directly to highways authorities and must be spent prior to 31 March 2019. The allocation for Manchester was £1.686m;
 - £55m for Disabled Facilities Grant in 2018-19, of which the estimate was £0.814m for Manchester. This was generally a capital grant; and
- Other national funding was being made available for the following areas:
 - £84m for 5 years on the children's service programme in 20 areas from 2019/20;
 - £675m Future High Streets Fund in 2019-20 to support local areas to improve access to high streets and town centres; and
 - £10m capacity funding made available to support housing deals with authorities in areas of high housing demand to deliver above their Local Housing Need.

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

- Was there an update on what the proposals were for the pooling of the Council and MHCC budgets as part of the Better Care Fund;
- It was felt that there needed to be appropriate scrutiny of welfare reforms and Universal Credit and the impact that this were having on the city and the Council; and
- Reassurance was sought that where there were time limits on the spending of certain funding, such as within Highways, work was being undertaken to ensure that this money was being spent within the required timeframe.

The City Treasurer advised that the proposed joint pooling of budgets between the Council and MHCC had now been agreed and was in the main to be used for covering additional winter pressure funding to ensure that adult social care pressures did not create additional demand on the NHS. The pooled budget would also be used towards strengthening mental health support and social work capacity.

The Committee was advised that Economy Scrutiny Committee had responsibility for scrutinising the impacts of welfare reform and universal credit on the city and its residents, however, it would be within the remit of this Committee for it to scrutinise the financial impact of welfare reform and Universal Credit to the Council.

The City Treasurer reassured the Committee that where funding had been received which had stipulations for it being spent within a certain time frames, this was taking place and this would be reported as part of the budget process in February 2019.

Decision:

The Committee:-

- (1) Notes the report; and
- (2) Requests that Economy Scrutiny scrutinise the impacts of welfare reform and universal credit on the city and its residents and that members of Resources and Governance Scrutiny Committee be invited to attend the meeting when it does.

RGSC/19/66 Update on Revenue Financial Strategy and Business Plan Process 2019/20

The Committee considered a report of the Chief Executive and City Treasurer which provided an update on the Council's financial position and set out the next steps in the budget process. The report summarised Officer proposals for how the Council could deliver a balanced budget for 2019/20.

In conjunction to the above, the Committee also received and considered the Corporate Core Business Plan and Strategic Development Business Plan for 2019/20, which set out in broad terms the directorates' key priorities, key activities and revenue and capital strategy for 2019/20, which was a refresh of the directorates' Business Plans for 2018/20 in the context of current resources, challenges and opportunities.

Taken together, the report and the directorates' Business Plans illustrated how the directorates would work together and with partners to deliver Our Plan and progress towards the vision set out in the Our Manchester Strategy.

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

- Based on the additional borrowing the Council was intending to take out, what impact was this expected to have on the future capital revenue finance position;
- Had the confirmation of the New Home Bonus been delayed in light of the delayed announcement of the financial settlement by Government;
- Clarification was sought as to why the pooled budget for Health and Social Care was to be finalised by MHCC after the Council had set its budget.

The City Treasurer advised that the capital financing budget had been set to take account the Council's likely future borrowing requirements and as such its position would be remain constant for the next few years. She also reported that the Funding Strategy had the support of the CCG Governing Body and this now presented a significantly reduced risk to the Council

In relation to the Corporate Core Business Plan, some of the key points that arose from the Committees discussions were:-

- How was Directorate intending on influencing outside of the Council the need reduce greenhouse gas emissions, improve air quality and improve public transport and highways making them more sustainable in light of the severe congestion issues within the city centre;

- Was it felt that it was still possible to reduce demand through reforming services as it didn't appear to have done so far and when Government were continuing to reduce available resources to all public services;
- Had there been any benchmarking exercise with similar authorities in relation to the number of ombudsman complaints upheld;
- Had any impact assessment been undertaken on the Business Rates retention trial monitored to understand its impact on resources;
- There was a need for the Council to recognise the need to invest in its staff in order to achieve the deliverability of doing more for less;
- Clarification was sought as to whether the Council had previously decided to reduce the spend associated with the Essential Car User allowance, whether Social Workers had been excluded from this proposal, and if so, how was the savings target of £450,000 be achieved given that Social Workers would make up the majority of staff currently designated as Essential Car Users;
- How was the Corporate Core transformation savings target of £500,000 intended to be achieved;
- A Member expressed their uncertainty as to whether the current scrutiny structure was appropriate for scrutinising in detail the financial savings of directorate business plans;
- There was a need to remember what staff the Council needed to retain in order to keep the Council running; and
- There was need to ensure that the Council did not squander any potential training budgets, with specific reference to the Apprenticeship Levy

The Deputy Chief Executive advised that the challenges of congestion within the city centre existed as a consequence of the current suite of works being undertaken to improve the flow of traffic around and across the city centre. More broadly, the Council was working with the GMCA to get people to change the mode of transport that they used and as such there was to be more investment in the infrastructure for alternative transport. It was also reported that the Neighbourhood and Environment Scrutiny Committee would be scrutinising the plan for Greater Manchester to tackle Air Quality.

The Deputy Chief Executive acknowledged that reducing demand through reforming services was difficult, but there had been successful examples of this, particularly around health integration and new models of care. She advised that Directorates were now working closer than ever before to be more effective with the resources available to the Council to tackle the challenges.

The Executive Member for Finance and Human Resources recognised the challenge that the Council faced in the need to reduce demand through reform and that in some instances, demand for services had risen. He added that if the Council did not continue to reform its services, it would not be possible to continue providing certain services.

The City Treasurer reassured the Committee that in terms of Business Rates, all changes in government policy had been fully reimbursed through Section 31 grants. The Council monitored its Business Rates income carefully and held a provision and a reserve for risks associated to the level of appeals being received and any associated volatility. The Deputy Chief Executive confirmed that the Council did

benchmark Ombudsman complaints with other core cities and would share this information with Committee Members.

The Committee was advised that a detailed analysis was being undertaken around the essential car user allowance which would be concluded by the end of 2018. Recommendations arising from this analysis would be considered following the conclusion of this analysis. In terms of the Corporate Core transformation programme, the directorate was looking at further collaboration of services and reducing the duplication of work in order to achieve its savings target.

The Chair suggested that if Members had concerns as to whether the current scrutiny structure was appropriate for scrutinising in detail the financial savings of directorate business plans, then Members of this Committee may wish to attend other Scrutiny Committees in order to provide a financial focus to the scrutiny of their respective business plans. The City Treasurer also advised that all Committees had visibility of the business plans and milestones to deliver savings in order to monitor progress effectively.

In relation to the Strategic Development Business Plan, some of the key points that arose from the Committees discussions were:-

- Would the challenges in association with the Investment Estate and Operational Estate have any detrimental impact on the voluntary and third sector organisations that delivered social value by their use of Council owned buildings;
- Objection was taken to the categorisation of older people as some of the most vulnerable residents in the city and it was requested that that reference to older people was removed and instead an additional reference should be made to ensuring the Council had an age friendly housing strategy for older people;
- Had any consideration been given to using vacant council land for car parking whilst the land was waiting to be developed in order to generate income;
- Was it possible to use some of the reserve set aside should planning fee income reduce be used, be used to ensure the Council's planning compliance function was strengthened;
- Was it possible to increase the advertising revenue; and
- Could a reassurance be given that the Council was not supportive of any advertising that celebrated inappropriate conduct.

The Strategic Director (Development) advised that over the last 12 months, the Council had reviewed its Investment Estate to ensure that it had within this portfolio, assets that genuinely generated long term income for the Council. As part of this process it had revealed assets that had been wrongly categorised, which had resulted in certain assets being moved from this estate to the Operational Estate with the view that they had the potential to provide opportunities for community groups. He also reported that the Council explored every opportunity to maximise its revenue income, but these opportunities needed to be balanced with other considerations, including the views of Ward Councillors.

The Strategic Director (Development) commented that the 20% fee increase in planning applications, it had been agreed that this increase would be ring-fenced to

the planning service. The Council was in the process of reviewing its planning service and as part of this review, the issue of planning compliance would be looked at with a view to strengthening.

The Strategic Director (Development) explained that the Council did not own all of the City's advertising estate and was not able to control what was or was not advertised on hoardings that were located on private land. The advertising estate within the Council's control was in a review process, particularly the small format. A decision had been made to bring the advertising estate within Strategic Development to manage collectively and was a significant income into the Investment Estate portfolio. The small format advertising estate was currently managed by JC Decaux and the contract was up for renewal in September 2019. It was anticipated that significantly more income would be generated from the advertising estate from April 2020 onwards. He agreed to look at what degree of influence the Council could have on the appropriateness of adverts as part of the tendering process .

The Committee:-

- (1) welcomes the reports and notes that this is the third year of a three year budget; and
- (2) notes that the Business Plans will be developed further taking the Committee's comments into account, and revised plans will be submitted to the Committee's meeting in February 2019;
- (3) notes that reference to older people being amongst the most vulnerable residents will be removed from the vision for housing solutions and instead an additional reference will be added to ensure the Council had an age friendly housing strategy for older people; and
- (4) requests that a report is submitted to a future meeting on how the Council can influence advertisers, as part of the tender process, on the appropriateness adverts when advertising on Council owned land.

RGSC/19/67 Setting of the Council Tax base and Business Rates shares for budget setting purposes

The Committee considered a report of the City Treasurer, which advised of the method of calculating the City Council's Council Tax base for tax setting purposes and Business Rates income for budget setting purposes for the 2019/20 financial year, together with the timing of related payments and the decision on pooled membership.

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

- What was being done to lobby government on the exemption of student council tax and the ability to charge HMO Landlord business rates to address the volatility of this area; and
- As the Council's retained business rates income was subject to a safety net of 97% of its baseline funding level, did this require the Council to hold a further 3% in contingency reserves.

The City Treasurer provided reassurance that the Council did lobby government and when the Council provides its response to the financial settlement, this would feature heavily as well. She also advised that the Council did not specifically budget for the additional 3% but the Council was prudent in its budgeting and did make allowance for any business rate appeals.

Decision

The Committee:-

- (1) Notes that the City Treasurer, in consultation with the Executive Member for Finance and Human Resources has delegated powers to:-
 - set the Council Tax base for tax setting purposes in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2013;
 - calculate the Business Rates income for budget setting purposes in accordance with the Non-Domestic Rating (Rates Retention) Regulations;
 - agree the estimated council tax surplus or deficit for 2018/19;
 - agree the estimated business rates surplus or deficit for 2018/19;
 - determine whether the Council should be part of a business rate pooling arrangements with other local authorities;
 - set the dates of precept payments to the Greater Manchester Combined Authority; and
- (2) Notes that the Chair of the Resources and Governance Scrutiny Committee will be requested to exempt various key decisions from the call in procedures.

RGSC/19/68 Proposed changes to the Council Tax charges levied for tax on empty properties

The Committee considered a report of the City Treasurer which set out proposals to charge increased Council Tax Premiums for long term empty (LTE) properties that had been unoccupied and unfurnished for over two years and also to revisit the decisions made in 2012 to give a 100% Council Tax discount for one month if a property is unoccupied and unfurnished and a 50% discount for up to 12 months if a property is undergoing major works or structural alterations, with a view to remove these discounts.

The Corporate Revenues Manager and the Director of Customer Services and Transactions referred to the main points and themes within the report, which included:-

- The financial impact on the amount of Council Tax payable and the New Homes Bonus of the revised long term empty premium;
- The financial and non-financial impacts of removing the 100% Council Tax discount that was awarded for up to one month when a property became unoccupied and unfurnished and the 50% discount that was awarded for up to one year when a property is undergoing major repairs or structural alterations;
- The Council's proposals in relation to increasing the amount of Council Tax that was charged for unoccupied and unfurnished properties by charging an

- additional premium and the proposed changes to its existing policy and remove the Council tax discounts; and
- Details of proposed external consultation on the Council's proposed changes.

The Committee had been invited to comment on the report prior to its submission to the Executive on 12 December 2018.

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

- There was support from all of the Committee in relation to the proposals;
- The additional income gained from the proposals could be reinvested into the Council's existing discretionary schemes that provide additional financial support to vulnerable residents including the Council's Welfare Provision scheme and the Discretionary Housing payments scheme;
- Would it be possible to gain any more income from the proposals in order to help our poorest residents;
- There was a need to positively promote this initiative to Manchester residents; and
- Why had the assumption been made that all properties that would be subject to this increase would be in band A Council Tax.

The Director of Customer Services and Transactions advised that there were no other discretionary areas that could be used to increase income and it would be unlikely for the Council to gain any more income from the proposals. She acknowledged the need to positively promote the changes following the planned consultation exercise. She also advised that the assumption had been made that all properties subject to this proposed increase would be in Band A was in order to be conservative in the Council's estimation of additional income. Reassurance was given that it would affect a broad mix of properties and agreed to share the data on this with Committee Members

Decision

The Committee:-

- (1) Endorses the recommendations contained within the report that the Executive:-
 - Approve the proposals contained in the report and agree to the start of a formal four week consultation exercise to commence in December 2018; and
 - Note that the outcome of the consultation will be reported back to Executive on 13 February 2019.
- (2) Requests that the data on the valuation bands of the properties that will be affected by the proposals is shared with Committee Members

RGSC/19/69 Process for Updating Capital Strategy (Incorporating P6 Position)

The Committee considered a report of the Chief Executive and the City Treasurer, which provided an update on the 2018/19 capital programme and the process for developing the Capital Strategy for 2019/20 onwards.

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

- The development of the Capital Strategy to ensure that the Council made capital expenditure and investment decisions in line with Council priorities and properly took account of stewardship, value for money, prudence, risk, sustainability and affordability;
- The revised approach the Council had taken in relation to the approval process for capital expenditure through the Checkpoint process;
- The proposed Capital Programme from 2019/20 to 2023/24; and
- The Council's capital financing strategy, including detail on restrictions around funds and prudential borrowing.

Decision

The Committee notes the report

RGSC/19/70 Update on Capital Projects over £10m

The Committee considered a report of the City Treasurer, which provided details on the budgets for the Council's major capital projects.

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

- The Council's capital programme currently totalled £1,475.6m for the period 2018/19 to 2023/24;
- Large capital projects tended to be complex in nature, and any project which created a long term asset required long term planning, as such projects may need to be agreed before there was cost certainty, and with a degree of risk accepted;
- If projects required a budget amendment once the project had begun, approval by the Executive or Full Council was required; and
- Details for each directorate's major projects (£10m plus), including their original budget compared to their current budget with the rationale for any difference, as well as the current total spend as at the end of September 2018.

The Chair informed Members that projects that sat within Highways Maintenance, ICT and HRA Housing programmes were intended to be subject to future reports to this committee.

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

- Was it possible to have an update on the Highways budget spend on footpaths and gully cleansing;
- How was the Council intending on ensuing it would spend all of the Highways budget for 2019/20 given this years underspend;

- There was concern that money for the Manchester Football Hubs project which was agreed as part of the 2016/17 budget had not yet been spent and how long was intended to be held for;
- Why had only £400,000 of the £21.3million budget for the Parks Improvement Plan been spent to date;
- It was suggested that the Committee received a future report on the progress of spend against the Northern Gateway and Eastern Gateway Programmes;
- Why had the costs of the Civic Quarter Heat Network project almost doubled from £14million to £26million and how confident was the Council that the cost would not increase further given that the project had yet to commence;
- Clarification was sought as to whether the cost of the redevelopment of St Peter's Square had overspent from its original budget;
- Why was the regeneration project at Ben Street underspent;

The Deputy Chief Executive explained that the funding for the Manchester Football Hubs project had not yet been spent as the Football Association scheme had changed and the Council was currently working with the Association as to how the project could be delivered. It was explained that if it became clear that the project could not be delivered, the funding would be reviewed to see if there was scope for the project to be delivered using other resources or allocated elsewhere. In terms of the Parks Improvement Plan, it was reported a new Parks strategy had been agreed earlier in the year which required a feasibility plan to be undertaken to determine how and where best to invest the allocated funding in order to maximise opportunities to secure additional funding. The Deputy Chief Executive acknowledged the comments by Members that progress with implementing the Improvement Plan had been slow and advised that the work would commence in January 2019 with implementation planned for Spring 2019, which would progress at pace. The Chair suggested that the Communities and Equalities Scrutiny Committee received the Improvement Plan in draft for Scrutiny Members to comment on the proposals before they were implemented.

The Strategic Director (Development) advised that the detail of the increase in the Civic Quarter Heat Network project would be included in its Business Plan which would be subject to scrutiny at a future meeting. He assured the Committee that the Executive had received regular reports on the project over the last four to five years which contained details as to the increases in the budget of the project. The Committee was advised that the redevelopment of St Peter's Square was not overspent as it had formed part of the budget for the redevelopment of the Town Hall Extension complex, which was a total £155million.

The Strategic Director (Development) offered to provide Committee Members with details as to the underspend on the regeneration project at Ben Street as an item for information in a future Overview report.

Decision

The Committee:-

- (1) Notes the report;

- (2) Recommends that the Communities and Equalities Scrutiny Committee receive the proposed Parks Improvement Plan in draft to enable the proposals to be scrutinised before they are implemented;
- (3) Requests a future report on the progress of spend against the Northern Gateway and Eastern Gateway programmes;
- (4) Requests a future report on the Highways budget including spend on footpaths and gullies;
- (5) Agrees that when it considers a future report on the Civic Quarter Heat Network Business Plan, the report will contain details on why the budget for the project has increased;
- (6) Requests that as part of a follow up report, details of the underspend of the regeneration project at Ben Street are included.

RGSC/19/71 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 the work programme.

RGSC/19/72 Exclusion of Press and Public

Decision

The Committee agrees that the following item contains exempt information as provided for in the Local Government Access to Information Act and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

RGSC/19/73 Our Town Hall - Letting of the Management Contract

The Committee considered a report of the City Treasurer, which provided an update on the procurement of a Management Contractor for the refurbishment and partial restoration of the Town Hall and Albert Square under the Our Town Hall (OTH) project.

The City Treasurer referred to the main points and themes within the report and answered questions from the Committee.

Decision

The Committee:-

- (1) Notes the progress made to date;
- (2) Notes that the City Treasurer will be taking the decision to appoint the preferred contractor as Management Contractor for the Our Town Hall Project;
- (3) Requests that as part of the decision to appoint the preferred contractor, the City Solicitor advises on measures to facilitate site access for the appropriate Trade Union representatives of those working on site and endeavours to give these a contractual basis as far as is possible within the law, and to liaise with the Chair regarding the proposed wording;
- (4) Agrees that the Ethical Procurement Sub Group look at the National Agreements for the employment, welfare, grading and training of all staff, including apprentices, in the associated construction industries, who are to be employed on the project, with a potential view to requesting Officers ask the preferred contractor to consider adopting these, if they have not already done so;
- (5) Notes the next steps and procurement timetable for the conclusion of the procurement process; and
- (6) Notes the potential implications for cost and programme of delaying the appointment of the Management Contractor.