

## **Resources and Governance Scrutiny Committee**

### **Minutes of the meeting held on Tuesday, 4 February 2020**

#### **Present:**

Councillor Russell (Chair) – in the Chair

Councillors Ahmed Ali, Andrews, Clay, Lanchbury, B Priest, Rowles, A Simcock, Stanton and Wright

#### **Also present:**

Councillor Ollerhead, Executive Member for Finance and Human Resources

**Apologies:** Councillor Davies, Moore and Wheeler

#### **RGSC/20/7 Minutes**

#### **Decision**

To approve the minutes of the meeting held on 7 January 2020 as a correct record.

#### **RGSC/20/8 The Council's Updated Financial Strategy and Budget reports 2020/21**

Further to Minute RGSC/20/02, the Committee considered a report of the Deputy Chief Executive and City Treasurer which provided a further update on the Council's financial position and set out the next steps in the budget process.

In conjunction with the above, the Committee also received and considered the Corporate Core medium term financial plan (MTFP) and budget proposals for 2020/21, the Council's Capital Strategy and Budget 2019/20 to 2023/24 and the Housing Revenue Account 2020/21 to 2022/23.

The Committee was invited to consider and make recommendations on the budget proposals which were within the remit of the Committee prior to their submission to the Executive on 12 February 2020.

In relation to the Council's updated Financial Strategy and Budget 2020/21, some of the key points that arose from the Committees discussions were:-

- There was concern with regard to the 'Fair Funding Review' that following research by the Personal Social Services Research Unit (PSSRU), there was a potential reduction in future funding of circa 14% in relation to Adult Social Care funding in Manchester and an assurance was sought that the Council would continue to lobby government on the 'Fair Funding Review';
- Was social deprivation taken into account as part of the 'Fair Funding Review';
- How had the contribution of just over £2m to the Business Rates reserves been determined, what was the existing level of this reserve and how did this compare to other Greater Manchester local authorities; and

- Clarification was sought as to how the potential increase in income of £1m in 2020/21 relating to Housing Benefit for temporary accommodation would be derived.

The Deputy Chief Executive and City Treasurer assured the committee that the Council was making substantial representations to government on the potential implications of the 'Fair Funding Review' and the changes proposed in terms of Adult Social Care funding in Manchester were deeply concerning.

The Deputy City Treasurer advised that the Fairer Funding Review was more population based and not deprivation based, which was often a key indicator in the level of need in respect of Adult Social Care.

The Deputy City Treasurer explained that the additional contribution to the Business Rate reserve was derived from the additional £3.7m growth in Business Rates income, of which £1.7m was to be set aside to meet the demand pressures within Children's Services, with the remainder to be placed in the Business Rates reserve. At present the total value of this reserve was approximately £19m. In terms of comparisons to other local authorities, it was agreed that this information would be provided to the Committee after the meeting.

The Deputy City Treasurer advised that the potential additional £1m income would be derived from the ability to claim Housing Benefit for temporary accommodation based on a small scale transfer of existing properties to be managed by Registered Providers (RPs). It was reported that this additional income would be reinvested in the service.

In respect of the Corporate Core Budget Report 2020/21, some of the key points that arose from the Committees discussions were:-

- Would the anticipated £50k saving through collaborative work with other local authorities in regards to capital programmes be achieved this financial year and who were these other local authorities;
- Assurance was sought that with the removal of long term vacant posts, this would not impact on service delivery and staff morale;
- What were the ongoing pressures to the Coroner's Service that required a further £400k mitigation and whilst acknowledging the that the Coroners Service was independent from the Council, why was it not being required to make a savings contribution;
- In relation to commissioning and procurement, what was the nature of the specialist audit work referred to in the report;
- Assurance was sought that any savings within Revenues and Benefits did not impact on the ability for residents to contact the Council through the shared service centre;
- In Table 1 within the report, why was the budget for the capital programme reducing;
- What was the reason for the uplift in costs within the existing Business Support arrangements;
- What was the nature of the additional transitional costs as part of the changeover arrangements to the new contractor for the repairs and management works for the Corporate Estate and clarification was sought as to

- whether it was correct that the new contractor was required to find ways in reducing this cost;
- Had the feasibility study been undertaken yet for the provision of a further public convenience within the city centre; and
  - Further information was sought on the proposed funding for zero carbon staffing and the bringing forward of the pension fund contribution.

The Deputy Chief Executive and City Treasurer advised that the Council had an agreement with one particular local authority in Greater Manchester to collaborate on capital programmes to strengthen the capacity of delivery, which centred around improvements to their capital checkpoint process and planning and delivery of some of their capital schemes.

It was explained that across a number of service areas in the Corporate Core, vacant posts had been budgeted at the top of their grades which would never be filled at this level and accordingly the turnover factor had been adjusted to ensure budgets were not being held where they were not required. Secondly, a review had been undertaken of long term vacancies and were no longer required, these posts had been removed from the staff structures

The Head of Finance advised that in terms of the Coroners Service that the additional funding was required to deal with an increase in complex cases and the Deputy Chief Executive and City Treasurer agreed to circulate the trend data around the cases and complexity to Members after the meeting.

The Deputy Chief Executive and City Treasurer explained the nature of the specialist audit work that had been undertaken, and advised that this was reported to the Council's Audit Committee on an annual basis. She also advised that any savings derived from a review of the Shared Service Centre would come from the changes in how the Council operated and the removal of any long term vacancies.

The Head of Finance advised that Table 1 within the report detailed the revenue budget of the capital programme which was an income target and the reduction was as a result of adjustments to the budget. Assurance was given that there was no direct impact on the capital programme resulting from this reduction. He also advised that the uplift in costs within the existing Business Support arrangements was a result of a number of additional posts being created to help support additional needs and also as a result of increases of salaries of existing posts due to the complexity of the work required.

The Deputy City Treasurer confirmed that it was part of the contract with the new contractor for the repairs and management works for the Corporate Estate that they were required to improve quality and deliver efficiencies once they start the contract. The transitional costs related to the TUPE process of staff that transferred over from the original contractor to the new contractor.

The Deputy Chief Executive and City Treasurer commented that there had been no formal work undertaken around a further public convenience in the city centre but the feasibility of this was being looked at.

The Deputy City Treasurer explained that by bringing forward the pension fund contribution, this would result in an additional £750,000 saving over each of the next three years.

The Deputy Chief Executive and City Treasurer advised that in terms of zero carbon staffing, there would be a further two FTE posts recruited to and the Council had underwritten the cost of the Chief Executive post of the Climate Change Agency for a year in recognition of its importance. Additional funding had also been identified for the need to draw in the expertise that was required.

In relation to the Council's Capital Strategy and Budget 2019/20 to 2023/24 some of the key points that arose from the Committees discussions were:-

- In terms of carbon reduction proposals, how was the Council going to determine what measures to invest in, given a number of the measures would be expensive to implement and a number funding commitments had already been made for the next four years;
- There was concern in regards to the implications to the Council and the Highways infrastructure following the recent announcement by the Prime Minister to prohibit the sale of petrol, diesel and hybrid vehicles by 2035;
- Was there an opportunity to advocate that the Council was planting more trees to contribute towards addressing issues of carbon dioxide emissions;
- Was there any potential for private tenants and/or corporate landlords to be part of the Civic Quarter Heat Network;
- Was there any possibility to identify a budget for small works packages relating to highways improvements;
- There was still concern that there was no identified funding for Highways capital programme from 2022 onwards;
- In relation to investment in car park assets, was there any update on the NCP Joint Venture;
- There was concern that the cost of some of the carbon reduction proposals, such as the retrofit works to make existing housing stock zero-carbon and the ambition to deliver carbon efficient schools would be too expensive for the Council to implement; and
- It was commented that whilst reducing carbon emissions was an important duty on the Council, there was a need to ensure that this did not result in other important areas becoming overlooked, such as the fire safety of high rise properties.

The Deputy Chief Executive and City Treasurer explained that the report only detailed capital schemes that had already approved through the checkpoint process and, as such, it did not list everything that the Council would be delivering. It was also explained that the report also set out the priorities for the decisions around future investment for the next three to five years and as the Carbon Reduction Action Plan developed, specific costing proposals would be incorporated into the capital strategy.

It was acknowledged that whilst the announcement by the Prime Minister would have an impact on the Council and the Highways network, the Deputy Chief Executive and City Treasurer referenced several pieces of work being undertaken that would look to contribute towards addressing the consequences of the announcement. It was also

reported that in terms of the Civic Quarter Heat Network, there was the intention for private tenants and/or corporate landlords to be incorporated in its use.

The Executive Member for Finance and Human Resources commented that he was in early discussions with members of the Neighbourhoods and Environment Scrutiny Committee around identifying a small budget that could be used to support small works highways investment, however, he clarified that this would not be a secondary highways budget. The Deputy Chief Executive and City Treasurer confirmed that investment in the City's highways network was still a priority for the Council, but as a significant amount of funding was received from central government, it was not possible to factor in specific programmes into the capital strategy until the funding became available.

The Deputy City Treasurer advised that work was still on going with the NCP Joint Venture and agreed circulate the timescale of the replacement of the Joint Venture with NCP to members following the meeting.

The Deputy Chief Executive and City Treasurer commented that discussions were underway with the DfE around future funding for the delivery of carbon efficient schools and the Council was also exploring external funding streams to contribute to the cost of the retrofitting of Council housing and operational estates.

In relation to the Housing Revenue Account 2020/21 to 2022/23 some of the key points that arose from the Committees discussions were:-

- Would the proposed rent increases still be within the Local Housing Allowance rate; and
- Why was there a variance in heating charges at different schemes.

The Head of Finance advised he would provide confirmation that the proposed rent increases were within the Local Housing Allowance rate. The Head of Housing explained that the variance in heat charges was based on the consumption in previous years and were set to try and cover the anticipated consumption.

## **Decisions**

The Committee recommends that their comments be submitted for consideration by the Executive at their meeting on 12 February 2020, and in doing so, notes the proposed recommendation's to the Executive relating to the Capital Strategy and Budget 2019/20 to 2023/24 and the Housing Revenue Account 2020/21 to 2022/23, those being:-

- Capital Strategy and Budget 2019/20 to 2023/24

The Executive is requested to:

- (1) Approve and recommend the report to Council, including the projects for Executive approval in section 6.2.
- (2) Note the capital strategy.

- (3) Delegate authority to the Deputy Chief Executive and City Treasurer in consultation with the Executive Member for Finance and Human Resources to make alterations to the schedules for the capital programme 2019/20 to 2023/24 prior to their submission to Council for approval, subject to no changes being made to the overall estimated total cost of each individual project.

- Housing Revenue Account 2020/21 to 2022/23

The Executive is recommended to:

- (a) Note the forecast 2019/20 HRA outturn as set out in section 4.
- (b) Approve the 2020/21 HRA budget as presented in Appendix 1 and note the indicative budgets for 2021/22 and 2022/23.
- (c) Approve the proposed 2.7% increase to dwelling rents, and delegate the setting of individual property rents, to the Director of Housing and Residential Growth and the Deputy Chief Executive and City Treasurer, in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources.
- (d) Approve the proposal that where the 2020/21 rent is not yet at the formula rent level, the rent is revised to the formula rent level when the property is relet.
- (e) Approve the proposed 2020/21 changes for communal heating charges as detailed in paragraphs 5.15 to 5.19.
- (f) Approve the proposed 2020/21 Northwards management fee as detailed in paragraphs 5.27 to 5.28.
- (g) Approve the proposed increase in garage rental charges as outlined in paragraph 6.1

### **RGSC/20/9 Domestic violence and abuse funding and commissioning review**

The Committee considered a report of the Strategic Director (Neighbourhoods), which provided a response to questions raised at the Scrutiny Committee meeting in September 2019 about the review of domestic violence and abuse funding and commissioning arrangements.

The main points and themes in the report, included:-

- The re-tendering and re-commissioning of domestic violence and abuse accommodation services had been progressed satisfactorily, with contracts being awarded to the successful bidders and mobilisation arrangements being implemented, in advance of commencement in April 2020;
- Negotiations were ongoing with the Director of Population, Health and Wellbeing regarding allocation of contributory funding to enable further continuation of the MiDASS service;
- Confirmation was awaiting of the CSP grant that provided for a range of other services and initiatives such as behaviour change programmes, counselling for children affected by DV&A and intervention for those affected by child to parent violence;
- The review team had noted Members' comments and reflected them in the drafting of the scope and terms of reference of the review of all Domestic

- Violence and Abuse services, which would be approved at the Domestic Violence and Abuse Strategy Group;
- Details were provided of intended spend on DV&A services whilst the funding and commissioning review was completed and its recommendations finalised; and
  - Once the review was completed, the findings and recommendations, and the updated Domestic Violence and Abuse Strategy, would be submitted to the Strategy Group for endorsement and to the CSP Board for final ratification and, in the case of the Strategy, approval to launch and publish.

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

- Had the Domestic Violence and Abuse Strategy Group approved the draft terms of reference and timescale for the review;
- There was a need to ensure work with other GM local authorities continued to take place and grow to aid in reciprocal arrangements;
- Assurance was sought that there would be a consistent level of service provided across the organisations that were receiving funding;
- Was it recognised that there was reduction in the number of domestic violence incidents occurring;
- It was positive to see the prominence the Council was giving to supporting those who had been subject to domestic abuse;
- It was reiterated that the review, whilst being cognisant of budgetary pressures, should not be restricted to the current financial envelope; and
- In terms of funding, where did the CSP grant come, when would confirmation of receipt of this be received and connected to this, if the CSP grant was not received and/or reduced, what would be the Council's alternative plan for delivering these services.

The Strategic Director (Neighbourhoods) confirmed that the Domestic Violence and Abuse Strategy Group had met on the 23 January 2020 and approved the draft terms of reference and timescale for the review. It was reported that GM Strategy Group existed whose purpose was to look at what services needed to be commissioned and supported at a GM level and the Council was represented on this Group.

The Committee was advised that as part of the review, service users and those with lived experiences would be consulted to ensure the provision of services recently recommissioned met the needs of victims. It was also reported that there had been an increase in the reporting of domestic abuse incidents. This did not necessarily mean that there had been an increase in the number of incidents occurring, but could reflect that more victims were having the confidence to report incidents and it was hoped that as part of the review, an outcome would be the reduction in the number of statutory service interventions and an increase in the number of early interventions to prevent victims coming into crisis accommodation.

The Strategic Director (Neighbourhoods) advised that the Council that it was hoping to receive notification of the CSP grant funding by the end of February 2020 and it had a high level of confidence that it would receive the funding required to continue to deliver domestic violence and abuse services. She acknowledged that if the grant

was reduced, then the Council would have to look at mainstream funding to continue to deliver services.

The Chair proposed that the Council wrote to the Mayor of Greater Manchester setting out its concern around the unreasonable wait in receiving notification of CSP funding and also its concern in relation to the impact in the ability to deliver services should there be a reduction in this grant funding.

## **Decisions**

The Committee:-

- (1) Notes the report; and
- (2) Requests that the Chair writes to the Mayor of Greater Manchester setting out our concern around the unreasonable wait in receiving notification of CSP funding, and that the Committee would not want to see any elements of this budget reduced, and also setting out its concern in relation to the impact in the ability to deliver domestic violence and abuse services should there be a reduction in this grant funding;
- (3) Recommends that should the budget provision from the GMCA reduce, that this would be reported to the Committee ;
- (4) Recommends that in event that the budget provision from the GMCA reduces the Council should increase its spend to make up the shortfall; and
- (5) Reiterated the previous recommendation that whilst the Committee is cognisant of the budgetary pressures of the Council, the DV&A review should not be constrained to the current spending envelope.

## **RGSC/20/10 ICT update**

Further to minute RGSC/19/54, the Committee considered a report of the Interim Director of ICT, which provided an update on the proposed reshaping of Council's Information and Data Strategy. The report also included an update on the resilience of the Council's IT service provision.

Some of the key points referred to in the report included:-

- An overview of the work that had been ongoing to ensure that the Council remained on track in order for the Cabinet Office to deem the Council PSN compliance in 2020;
- An update on ICT resilience and key projects;
- The reasons for a pause in data storage migration in relation to the new Data Centre Programme and the work being done to get the project back on its critical path to limit the impact to timescales and budget;
- Details of work that was being undertaken under the Network Refresh Programme;
- Progress to date with the procurement of a new core telephony and contact centre systems;
- An update on the progress in the adoption of the Liquidlogic suite of systems;



- The Council's intended move to adopt Microsoft technology for productivity, collaboration and communication, in place of the current Google software, which was scheduled to be completed by the end of September 2020;
- An update on the progress to date with the refresh of the ICT strategy; and
- The ICT revenue and capital budget positions.

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

- An assurance was sought that the Council did not share residents' personal data with external companies other than its required partners;
- An assurance was sought that the Council would achieve PSN compliance in April 2020;
- What were the financial implications associated with the delay in the data storage migration in relation to the new Data Centre Programme and who would absorb this cost;
- Why was the original decision taken to use the Google platform for collaboration when Microsoft offered a similar product at the same point in time;
- Were there any critical legacy systems that were currently operating on the existing Google platform and if so, what steps were being put in place to ensure these transitioned over to Microsoft without significant risk;
- There was concern that the intended implementation target date of the Microsoft collaboration platform was ambitious given the number of other significant projects that the Directorate was currently working on; and
- There was slight concern that the ICT strategy was being refreshed whilst the Council did not yet have a permanent Director of ICT in post.

The Executive Member for Finance and Human Resources assured the Committee that the Council did not provide any personal data it held on residents to external companies, other than its partners and only where it was required to do so. He added that in most, if not all circumstances, any data that was shared was anonymised. He added that the Council was currently looking at how it collected and stored residents' data with a view to adopting an appropriate set of principles.

The Head of Programme Office assured the Committee that the work that had been undertaken to date was on track for the Council to achieve PSN compliance in April 2020. The Committee was advised that analysis would need to be undertaken of some of the legacy systems to identify what they currently supported in order to identify suitable alternatives.

In terms of the financial implications in the delay of the data centre migration, the Chair asked for the costs and officers agreed to provide accurate costs following the meeting. However, it was confirmed in the meeting that any costs for the changes to the network design would be absorbed by the supplier.

The Deputy Chief Executive and City Treasurer noted the concerns raised in refreshing the ICT strategy when a permanent Director was not in post and advised that interviews for this position were being undertaken on 7 February 2020. She also advised that the original decision to use the Google platform for collaboration was taken based on it being the most cost effective option at the time and acknowledged

that since then, Microsoft had developed its collaboration platform (Microsoft 365), which now had greater functionality than the current Google platform.

The Head of Programme Office reaffirmed that it was the intention of the Directorate to complete the migration from Google to Microsoft 365 by the end of September 2020.

## **Decisions**

The Committee:-

- (1) Notes the report; and
- (2) Requests an update report to a future meeting on the progress being made with the migration from Google to Microsoft 365 and all other major ongoing IT projects.

## **RGSC/20/11 Delivering the Our Manchester Strategy**

The Committee considered the report of the Executive Member for Finance and Human Resources, which provided an overview of work undertaken and progress towards the delivery of the Council's priorities, as set out in the Our Manchester Strategy (OMS), for those areas within his portfolio.

Some of the key points that arose from the Committees discussions within the Executive Members report were: -

- What further work was being done to encourage other organisations to promote the city becoming a Living Wage City;
- Achieving the Living Wage employer accreditation was welcomed by Members;
- Was there any more information on the work that the Executive Member had undertaken to address the Council's climate change agenda, with reference to the income received by the Council from Manchester Airport;
- The improvements in the BHeard results from the 2019 survey were recognised;
- Was the Executive Member undertaking any work to lever any significant sources of external funding to tackle climate change;
- Had any consideration been given to updating the content of Listening in Action material, with reference to the Council's position in tackling climate change;
- What was the Executive Member's views on the position of apprenticeships as part of the 'Our People' strategy; and
- What more could be done to improve how the Council promoted its employment opportunities in order to attract the best people possible.

The Executive Member for Finance and Human Resources advised that in terms of working towards becoming a Living Wage city, he was engaging with a number of anchor institutions to actually commit to paying the Manchester living wage to its staff. In terms of climate change, he reported that responsibility for Manchester Airport fell in the Leader portfolio, but he would pass on the Committee's comments. He advised that going forward schemes within the Capital Programme would need to demonstrate how they would contribute to addressing the Council's climate change

agenda and in terms of Social Value, he was awaiting results back from a pilot within Highways where a 10% weighting in terms of addressing climate change had been included in two tenders, to see if this was something that could be rolled out across all Council tenders.

The Executive Member for Finance and Human Resources commented that the Council would also look to try and source any external funding streams that were available to tackle climate change, such as grants for external charging point for electric vehicles. He added that the Council would also look to use its leverage with other organisations to push this agenda forward. He advised there was a HR refresh taking pace and the feedback from the BHeard survey would feed into the content of future Listening in Action sessions.

The Executive Member for Finance and Human Resources commented that he was very passionate about apprenticeships and advised that last year, the Council (excluding schools) had exceeded its target in the number of apprenticeship starts and data would be released around this at the Social Value Conference on the 14 February 2020.

In terms of recruitment, the Executive Member acknowledged that in certain sectors the Council struggled to compete with the private sector as it was not able to match salary levels, however, he commented that working for the Council had a number of other non-monetary benefits and it was these benefits that the Council needed to promote more in order to attract the best possible applicants.

## **Decision**

The Committee notes the report.

## **RGSC/20/12 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.

## **Decisions**

The Committee:-

- (1) Notes the report;
- (2) Agrees the work programme.

## **RGSC/20/13 Legal Services Update**

The Committee received a presentation from the Deputy City Solicitor, which informed Members of the structure and role of the Council's Legal Services department and provided an update on the work undertaken by the Department.

The main points and themes within the presentation included:-

- An overview of the aspects of work the different teams within Legal Services undertook;
- Examples of areas of success in delivering, innovative and excellent legal services that provided value for money;
- How the Department contributed to the Council's corporate plan priorities; and
- An overview of the positive responses from Legal Services 2019 client survey.

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

- Further information on the diversity of the service's workforce would be welcomed in future reports;
- Was there any potential increase in capacity for supporting aspects of adult social care around protecting vulnerable children and adults;
- Concern was raised in relation to the turnaround time on leases associated with the Council and was there any KPI's in relation to this specific area;
- Clarification was sought as to what legal responsibility the Council had to staff who had been TUPE transferred to another employer;
- Clarification was sought as to what the single justice procedure was, implemented in Manchester by the Legal Services Regulatory Team;
- It was requested that Members be provided with the short guide to the constitution.

The Deputy City Solicitor advised that the service was working with Children and Families and Adult Services around the deprivation of liberty for children, to assess what this would mean in terms of additional volumes of work due to the complex nature of the work required.

The Deputy City Solicitor commented that she was not aware of any specific issues in relation to the delays in granting leases but agreed to look into this. She advised that it was dependent on the type of lease arrangement that was being sought as to how long these would take to progress.

The Committee was advised that once council staff had been TUPE transferred to a new employer, whilst their employment rights were protected by law, the Council's legal obligation to them ceased to exist after their transfer was completed.

The Deputy City Solicitor explained that the single justice procedure allowed the Council to deal with particular matters, such as fixed penalty matters in connection to environmental crimes in the city, by a way of electronic means where a guilty plea had been entered into. This saved the need for the Council to have a solicitor attend court to deal with individual cases. This had saved time and money and had been picked up as an area of good practice amongst other Greater Manchester local authorities. She also gave a commitment to provide members with a copy of the short guide to the constitution.

## **Decision**

The Committee notes the presentation.

## **RGSC/20/14 Exclusion of Press and Public**

### **Decision**

To exclude the public during consideration of the following items which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information

## **RGSC/20/15 Legal Services update (Public Excluded)**

The Committee considered a report of the City Solicitor, which set out how the Council's Legal Service Department was funded, which included commercially confidential information regarding external contracts to partner organisations.

Having had regard to the report, the Committee asked a number of questions to which the City Solicitor responded.

### **Decision**

The Committee notes the report