

## **Economy Scrutiny Committee**

### **Minutes of the meeting held on Thursday, 5 November 2020**

#### **Present:**

Councillor H Priest (Chair) – in the Chair

Councillors Hacking, Johns, Noor, Raikes, Shilton Godwin, K Simcock and Stanton

**Also present:** Councillors: Leese and Richards

**Apologies:** Councillor Green

#### **ESC/20/40 Minutes**

#### **Decision**

The Committee approve the minutes of the meeting held on 8 October 2020.

#### **ESC/20/41 Council's Medium Term Financial Plan and Strategy for 2021/22**

The Committee decided to take consideration of this report and the following report (Growth and Development Budget Options 2020/21) together. As such, the Committee considered a report of the Deputy Chief Executive and City Treasurer that set out the impact of COVID19 and other pressures and changes on the Council's budget for the period 2021-2025, including the impact of COVID19 on the capital programme and the implications for the budget and a report that set out the details on the initial savings options proposed by officers to address the estimated initial budget gap of £105m in 2021/22,

The main points and themes within the first report included: -

- The Medium Term Financial Plan remained challenged by uncertainty, which included the outcome of the Spending Review and post 2021/22 the potential changes to how local government funding was distributed;
- Prior to COVID19 there was an underlying budget gap of c£20m for 2021/22 rising to c£80m by 2024/25;
- Dealing with the impact of COVID19 had resulted in major spending pressures, particularly in social care, but also across all Directorates;
- The forecasted budget shortfall relating to COVID19 pressures and the Budget Position 2021/22 to 2024/25;
- Initial proposals across all Directorates to start addressing the budget gap in advance of the Spending Review and Local Government Financial Settlement;
- The need to undertake an Equality Impact Assessment on the options put forward, particularly those that involve impacts on services for residents and reductions in the Council's workforce;
- Proposed consultation on budget options and timescales; and
- Next Steps.

The main points and themes in the second report included:

- The Growth and Development Directorate had a gross budget of £63m, and a net budget of circa £9.1m, with 636.5 full time equivalent (fte) posts;
- Overall the Directorate had identified savings totalling circa £2.314m. This would require a reduction of circa 22fte posts;
- Due to lead in time around required investments and timing on some contracts/leases, the £2.314m would be phased over the period 2021/22-2024/25, with an initial £2.024m being delivered in 2021/22;
- The options identified that were under the remit of this Committee totalled £0.733m and required a reduction of 11fte posts;
- A breakdown of the savings proposals on a service by service basis;
- If further budget cuts were required, options for a further £2m with an additional reduction of 30fte posts had been identified for further development. It was recognised that if this were required there would be an unavoidable impact on the service offer to residents, businesses and communities;
- The specific options under the remit of this Committee would deliver circa £1.1m deeper cuts which would require service redesigns across a number of areas in order to support the reduction in 30fte's; and
- The Directorate budget proposals would be subject to further refinement following feedback from Scrutiny Committee and updated prior to being submitted to Executive. A further report would be brought back to January Scrutiny that incorporated the feedback from this meeting, the budget consultation and the impact of the Finance Settlement.

The Leader made brief comments on the first report which included the difficult position the Council would face in setting a sustainable budget for the next three years without further financial support from government. He also commented on the support needed from government in the short term to manage the loss of commercial income from the Airport.

The Strategic Director (Growth and Development) commented that the Growth and Development Team was central to the economic recovery of the city, and whilst it was acknowledged that savings and efficiencies needed to be made, the proposals put forward would have an impact on the Council's ability to support the city's economic recovery and growth.

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

- If the Council needed to make significant budget cuts would it still be able to deliver the outcomes in the Our Manchester Strategy;
- Concern was raised in relation to the potential increase in youth unemployment as a result of the savings that would be required in supporting work and skills for youth unemployment;
- Concern was raised in relation to how the proposed savings would impact on the ability for Building Control and to respond promptly to developments that did not have planning permission;
- Would anything be put in place to support staff who would have to absorb additional work as a result of the proposed cuts in posts;

- Had there been any learning from poor investment decisions in the city's economy as a result of the pandemic;
- It was an indictment on government that they were failing to see the dire financial situation that Manchester and other Councils were facing as a result of the pandemic having initially promised to support local authorities with whatever funding they needed to tackle the pandemic;
- Had the longer term consequences of potential further cuts been identified and the impact of these measured;
- Concern was expressed about the impact of the cuts on opportunities for women in the economy;
- Clarity was sought as to what would be the consequence if the Council was unable to set a balanced budget; and
- Could examples be given of how the Council could be creative in its future income generation, whilst protecting its budgetary position

The Strategic Director (Growth and Development) the Council was working hard to create opportunities for its most disadvantaged residents and communities but with the loss of resources and income, the Council would not be able to do as much as it would want to. Assurance was given that the Council was working to find partners who shared similar issues to work with, bringing public and private finance together and be creative, working in new and enterprising ways.

In terms of Building Control, the Planning Department worked on a cost neutral basis but it was acknowledged that with less staff in post it could lead to delays in the planning and building control process. It was commented that the Council was looking at how more could be done digitally in the Planning process.

The Director of Inclusive Economy advised that following the end of Future Jobs Fund, the Council had set a small fund going to support a scheme entitled My Future Intermediate Labour Market, which was used to support the most disadvantaged young people, by working with employers to offer apprenticeships and job opportunities. With the introduction of Kickstart, which overlapped with the schemes purpose, it had been proposed to offer this scheme as a saving.

It was reported that the Council had a number of schemes available to support staff around health and wellbeing. It was recognised that Senior Managers would need to take responsibility to ensure that their staff were not overburdened with additional workloads and that the re-prioritisation of work would likely be required.

The Strategic Director (Growth and Development) commented that the long term impact of these cuts could have a detrimental effect on the Council's ability to deliver its inclusive growth agenda and housing agenda as well as the long term prosperity of the city.

The Leader advised that the Council had a legal responsibility to set a balance budget and if it was unable to do so then this would result in the need to declare a Section 114 notice which in effect would result in Government taking control of the Council and setting the Council's budget, effectively abandoning local political control.

The Strategic Director (Growth and Development) advised that the Council could be creative in future income generation through the cornerstones of the Council's recovery plan – green growth, digital and health innovation were cited as examples.

### **Decision**

The Committee endorse the recommendation that the Executive consider the officer cuts and savings options, taking into account the feedback from this scrutiny committee as described above.

### **ESC/20/42 Report on the budget options for 2021/22**

This item was covered in the above minute (ESC/20/41).

### **ESC/20/43 North Manchester Health Campus Strategic Regeneration Framework**

The Committee considered a report of the Strategic Director (Growth and Development), which detailed the draft Strategic Regeneration Framework (SRF) to support the proposed redevelopment of the existing North Manchester General Hospital site in Crumpsall.

Key points and themes in the report included:-

- The context and drivers for change in North Manchester;
- The vision of the draft Strategic Regeneration Framework, which covered five key elements for the campus and the guiding principles which underpinned the vision;
- An overview of the anticipated socio-economic benefits from the North Manchester Health Campus investment;
- The contribution the SRF would bring to achieving a Zero-Carbon City; and
- Next steps.

The Leader made brief comments on the progress that had been made with the proposed redevelopment over the last 12 months, including £58 million enabling funding that had been secured to date.

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

- Members welcomed the redevelopment and progress that was being made and noted the positive opportunities that would arise from this;
- The people centred element to the redevelopment proposals was positively welcomed;
- It was recognised that the project would deliver real tangible economic benefits for the city, including wellbeing
- It was hoped that the project would attract other major employers who could become anchor institutions in the city;
- What assurance could be given that further funding would be received from government to deliver the entire project

The Leader advised that government had allocated a budget for the project but the Council would still need to make a strategic business case for further funding, however having secured £58 million enabling funding so far demonstrated the governments commitment to the project.

The Director of Inclusive Economy advised that in terms of the question around further anchor institutions there had been exciting work already around the possibility of the project being an international centre for healthy aging which would drive research and commercial output, providing a specialism for north Manchester that would complement other health and innovation across the city. It was also reported that the Council was also working with Ekosgen on defining the economic benefits of the project.

The Strategic Director (Growth and Development) commented that this project presented a real opportunity to undertake serious transformation for the north of the city and its residents.

### **Decision**

The Committee endorse the recommendations put to the Executive, those being that the Executive is recommended to:

- (1) Endorse the draft North Manchester Health Campus Strategic Regeneration Framework attached as Annex 1 of this report as a basis for public consultation;
- (2) Request that a further report be brought back to the Executive following the public consultation exercise, summarising the consultation responses and any amendments that have been incorporated into a final version of the SRF, which will be presented for consideration and approval.

### **ESC/20/44 ALMO review - Offer to Tenants**

Further to Minute RGSC/20/33 (Housing Revenue Account Delivery model - Northwards ALMO Review), the Committee considered a report of the Chief Executive, which provided an update on the progress in developing the case for tenants leading to a full consultation and “test of opinion”.

Key points and themes in the report included:-

- Throughout September there had been 12 workshops to assess core direct core service delivery issues and 9 workshops to consider support (back office) service issues. This was predicated initially on the view that the housing service transferred from Northwards would be delivered within the compatible council service;
- Whilst the need to address the pressures on the HRA had been a key driver, the overriding consideration always had been protecting and improving services to tenants;
- Amongst the issues are a number of risk areas that could have an effect on our ability to sustain a high-quality service to tenants, which included–
  - Covid related budget impacts

- New repairs contractor
- ICT issues
- Northwards, as part of their contributions to the workshops, were also able to share their experience of service delivery and make suggestions on future service design
- Details of the practicalities of 'Return the service to the council' option;
- A summary of Governance and accountability proposals; and
- Details of the proposed statutory consultation that would be undertaken if the service offer was supported.

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

- Welcoming the report and the progress that was reported, noting that the views and comments of this Committee had been taken into account;
- Welcoming the reported dialogue with Northwards staff;
- Noting the reported findings of the due diligence review undertaken, would similar reviews be undertaken across all homes that the Council had responsibility for;
- How would the proposals align with the economic opportunities to be realised by the Northern Gateway development programme and the North Manchester Health Campus Strategic Regeneration Framework;
- Further information was requested on the future of Manchester Move, noting that this was currently managed and administered by Northwards Housing; and
- Noting the proposed next steps, what would be the position if the proposals were not supported by Northwards tenants and how was this to be assessed.

The Executive Member for Housing and Regeneration stated that the rationale for the proposal was to drive improvements in the housing stock, invest in fire safety and contribute to the city's carbon emissions targets. She described that dialogue had commenced with staff and teams at Northwards to consider the best options for achieving any transfer with the preferred option being a 'lift and shift' approach, as this would reduce any risk to the service experienced by tenants and maintain continuity of staff and systems that tenants were familiar with. She stated that dialogue and staff engagement events would continue, adding that an 'Our Manchester' listening exercise would be delivered with Northwards staff.

The Executive Member for Housing and Regeneration informed the Committee that it was the intention to align the economic developments and opportunities that were being created in the north of the city with Northwards tenants. Noting that the planned improvements to the housing stock would also deliver further economic opportunities for local residents.

In regard to Manchester Move, the Executive Member for Housing and Regeneration stated that consultation would be required as to how this was delivered and managed, noting that this was currently well managed, using the Council's agreed allocations policy that had been designed to support and prioritise the most vulnerable residents in the city. The Director of Housing and

Residential Growth stated that the fifteen Registered Housing Providers, who allocates their properties using the Manchester Move system would be consulted with, via the Housing Access Board.

The Director of Housing and Residential Growth stated that he recognised the comment from a Member regarding the findings of the due diligence review, and added that they would seek to engage with and review existing arrangements with all schemes where the Council ultimately retained overall oversight. In response to a question relating to the management of a number of bungalows outside of the city boundary, he advised that these were historical arrangements and information on this would be provided to the Member following the meeting.

In regard to the question relating to the test to be applied to measure tenant support for these proposals, the Director of Housing and Residential Growth advised the Committee that there was no prescribed requirement to hold a ballot, however if there was negative support for the scheme, having listened to the views of all tenants further consideration of these proposals would be required. He stated that the logic and rationale of the scheme and the benefits to the housing stock would hopefully encourage tenants to support these proposals.

## **Decisions**

The Committee endorse the recommendations to the Executive that;

- (1) Note the outcome of the workshops and the summary of the service offer that will be put to tenants in a "test of opinion".
- (2) Note the support provided by Northwards Board and Executive for the proposal.
- (3) Note the proposals contained within the report about how the new council-controlled service will be governed and how tenants will be involved and empowered in the decision making about services to homes and communities.
- (4) A final report will be presented in January 2021 with the outcome of the "test of opinion" and to confirm the final decision.

## **ESC/20/45 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.

The Chair informed the Members that at the December meeting the Committee would be considering a report on the Digital Strategy, noting that the Communities and Equalities Scrutiny Committee would consider the inclusion aspect of the Strategy at their December meeting. In response to a comment from a Members she further advised that consideration would be given to scheduling an item on the Economic Recovery of the Airport.

## **Decisions**

The Committee:-

- (1) Notes the report.
- (2) Agrees the Work Programme noting the comments above.