
Resources and Governance Scrutiny Committee

Minutes of the meeting held on Tuesday, 3 November 2020

Present:

Councillor Russell (Chair) – in the Chair

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

Also present:

Councillors: Akbar, Bridges and Leese

Apologies: Councillor

RGSC/20/45 Minutes

Decision

The Committee approves the minutes of the meeting held on 6 October 2020 as a correct record

RGSC/20/46 Council's Medium Term Financial Plan and Strategy for 2021/22

The Committee decided to take consideration of this report and the following report (Corporate Core Budget Options 2020/21) together. As such, the Committee considered a report of the Deputy Chief Executive and City Treasurer and City Solicitor that set out the impact of COVID19 and other pressures and changes on the Council's budget for the period 2021/22, 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 Corporate Core Directorate had a net budget of £76.9m, with 1,823fte's employees;
- Currently the Corporate Core Directorate had identified officer cut proposals of £7.127m, which broadly equated to a reduction of 130fte's, against which there were c33 vacancies;
- A breakdown of the savings proposals on a service by service basis, including officer options for other service areas outside of the Corporate Core which formed part of the remit of the Committee;
- If further budgets cuts were required, options for an additional £7.3m had been identified, however, this would reduce the Corporate Core headcount by a further 124fte and reduce capacity down to the provision of the bare minimum;
- In order to achieve the reductions, set out in the report, the council would open a limited voluntary redundancy/voluntary early retirement scheme predominately in those areas in the corporate core which were aiming to achieve staffing reductions;
- Consultations had started with Trades Unions on the MPeople processes to ensure that the Council did not lose focus on providing support for the workforce to develop and progress and where relevant to reskill into different roles; 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 Scrutiny in January 2021 that incorporated the feedback from this meeting, the budget consultation, the impact of the Finance Settlement and the outcomes of the VER/VS scheme.

The Leader made brief comments on the first report which included the additional funding of £24m received from Government to tackle COVID19 which would reduce the use of reserves this year to allow greater use of reserves in next year and future years budgets. He clarified that this funding did not address the revenue gap and was a one-off payment. In terms of the Capital Budget there was significant increase in costs around construction schemes related to COVID19 and inflation. This meant the capital programme would be continually reviewed to ensure it related to the priorities set out within the budget. He added that there was a need to be mindful of false economies by delaying schemes to future years which could result in a risk of costs increasing.

The Deputy Chief Executive and City Treasurer commented that the ongoing impact of COVID19 was resulting in a significant gap in the Council's budget position for 2021/22 which was expected to worsen in 2022/23 and whilst it was hoped that over time, the impact of COVID19 would reduce, this would be when the underlying budget pressures would take effect. Because of this, there was a need to start work now on how this budget gap could be reduced, in advance of the Government's

Spending Review, which was anticipated to be announced on 25 November 2020. She emphasised that whilst all efforts would be made to minimise the impact on other Council services and residents, it was likely that there was going to be a need for substantial budget reductions across the council regardless of what funding would be provided through the Spending Review.

What followed was a lengthy and thorough discussion on the proposed budget options. Some of the key points that arose from the Committees discussion were:

- Grave concern was expressed about the continued need for the Council to reduce its budgets year on year due to the withdrawal of financial support from government, including cuts to budgets that provided services to the most vulnerable residents of the city;
- It was felt that the Council was unable to plan its budgets effectively with one-year settlements from Government and it was hoped that Government would provide a sustainable long-term solution to enable the Council to make longer term budget plans;
- Concern was expressed regarding the proposed reduction in funding provided to the Discretionary Housing Payment Scheme and would drive increased cost in other areas, and a question was asked as to whether analysis had been done to calculate what proportion of those who were supported through DHP would become homeless if this was cut, and at what on-costs to the system, including through potential increased Children's Services involvement;
- It was suggested the budget reduction proposals to the DHP were not put forward to the Executive for consideration before greater analysis of the impact of this reduction might have on some of the city's most vulnerable residents and associated impact on other services budgets;
- There was concern in relation to digital exclusion for some of the most deprived residents and communities in the City as the Council moved to more digital interactions with its residents;
- It was queried whether proposals to reduce jobs in service areas that provided essential services to the city's most vulnerable residents was the correct approach;
- It was asked that the Chancellor of the Exchequer provided the Council with the funding it required in order not to make staff redundant and continue to provide the services needed for the City's most vulnerable residents and communities;
- Assurance was sought that the number of proposed redundancies across the Directorate had been mapped against the areas that would be targeted through the proposed Early Retirement/Voluntary Redundancy scheme to ensure the right areas were being targeted;
- Why was the Council's Communications Department only proposing a reduction of three posts when other service areas with a similar level of staff were being required to offer up more staffing reductions;
- There was concern about the proposed loss of posts across Audit and Policy Performance and Reform;
- What would happen if the Council was unable to set a balanced budget;
- Could Officers work on proposals to move traders on Wythenshawe indoor Market to the outdoor market;

- Could any assurance be given that Manchester Fayre would continue to be funded to provide school meals to Manchester Schools;
- Clarification was sought on what would be the level of Council Tax increase needed to bridge the finding gap;
- Further information was sought on the sale and lease back proposals;
- Did the proposals to end the joint venture with NCP relate to all NCP car parks;
- It was suggested that the projected savings from the return of NCP car parks to the Council was overestimated as it was based on those car parks returning to a level of pre-COVID use;
- It was suggested that the wording used in relation to the income generation targets made in bereavement services be revisited and rephrased more appropriately;
- Would Equality Impact Assessments be undertaken on the proposed budget savings; and
- What impact would the proposed savings have on Manchester's Voluntary and Community Sector.

The Director of Customer Services and Transactions advised that in relation to the DHP, the Council received £2.538m government funding. The extra £2m that the Council had put into this scheme had been due to the impact of Universal Credit and Homelessness. There had been some changes that had reduced the amount of DHP spend in the last few years, including changes in the Local Housing Allowance rates and changes to the cost of placing homeless families in dispersed accommodation. She added that up to the present day, the Council, had spent £1.6m of the DHP budget and had committed a further £682,000, totalling £2.285 and it was anticipated that even taking into account the impact of COVID19, of the additional £2 million that the Council had allocated to this scheme, it would only need to spend £800,000. Consequently, it was felt that the Council could meet demand from the funding received from Government alone, but she said that if the amount reduced that some people would have to be denied support who would currently receive it. It was also clarified that the Council was not proposing to close its front line service offer as it moved to more digital interactions and there would still be the opportunity for residents to speak to staff in person and the Director of Customer Services and Transactions highlighted the smarter ways of working that were being offered to residents to enable them to interact with the Council in a more effective way that suited them.

The Deputy Chief Executive and City Treasurer advised that the potential impact of total job losses in the Directorate was 130 ftes, with the first phase of officer options offering a reduction of 130ftes of which 33 were vacant posts. An Early Retirement/Voluntary Redundancy scheme would be made available which would be targeted where the reductions needed to be made but would not be closed off to the rest of the Council in order to create some capacity for movement. It was hoped that there would not result in the need for compulsory redundancies.

The Director of PPR advised that the proposed reductions in PPR were put forward as a fair and proportionate contribution to the savings needed and whilst difficult, would be manageable to maintain capacity within the service.

The City Solicitor advised that in relation to the Communications Department proposals it was hoped that through VER/VS there would be an opportunity to restructure the service to deliver further saving efficiencies.

It was explained 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. This would require an emergency budget and effectively end local political control.

The Director of Commercial and Operations (Neighbourhoods) confirmed that the Council was working with St Modwins to identify options to extend the outdoor market at Wythenshawe. If possible, this would require capital cost which would need to be analysed to see if they generated value for money, but it was noted that not all traders would be able to operate on an outdoor market. In relation to Manchester Fayre, whilst acknowledging the service the organisation had provided during pandemic, he advised that this was not a statutory council service and the amount of subsidy required going forward was in excess of £600,000 per year. The Council currently lost a school, every eight weeks, who sought an alternative provider which was impacting on the economies of scale of the service and it was no longer possible to provide the service on a cost-effective basis.

The Leader advised that in order to bridge the funding gap through increased contributions via Council Tax, this would require approximately a 70% increase in Council Tax across all bandings and could not be an option as this would place too large a burden on Manchester residents.

The Director of Commercial and Operations (Neighbourhoods) advised that only the NCP carparks that the Council owned would revert to the Council which equated to 13 sites. He acknowledged the point made in relation to the wording around bereavement services.

The Strategy Director (Growth and Development) gave a brief overview of the possible intentions of the sale and lease back proposals as part of a wider corporate estate review.

The Director of PPR clarified that those budget saving options that required an Equality Impact Assessment would have one as part of the final budget saving proposals as well as the impact of these options on other areas. He added that cuts to the Our Manchester VCS funding were not included in the initial tranche of Officer options, but it was anticipated that there would be some reductions in VCSE funding as part of the further set of options. A piece of work had commenced to map the current VCSE funding across the Council and key partners in order to better understand the impact of any proposed cuts.

The City Treasurer confirmed that in addition to individual EIA's, there would be a piece of cross-budget analysis done to look at the overall equality impact of the budget decisions.

Decision

The Committee:

- (1) Requests that the budget savings proposals in relation to the Discretionary Housing Payment Scheme and Customer Services are not put forward to the Executive until the Committee receives further reports at its next meeting in December, which provide an analysis of the impact these proposals will have on the City's most vulnerable residents and other associated Council Services.
- (2) Requests that the Executive take on board all the comments made by the Committee.
- (3) Requests that as part of the discussions with Government, Officers urge the Chancellor of the Exchequer to provide the Council with the funding it requires in order for it to not have to make staff redundant and to be able to continue to provide the services needed for the City's most vulnerable residents and communities.
- (4) Requests for further information on the sale and leaseback proposals contained within the report be provided to Committee Members.

RGSC/20/47 Budget options for 2021/22

This item was covered in the above minute (RGSC/20/46).

RGSC/20/48 Workforce Equality Strategy

The Committee considered a report of the Director of HROD, which set out the strategy for achieving workforce equality in Manchester City Council. The strategy covered some of the protected characteristics under the Equality Act, specifically race, disability, age and sexuality and contained an emphasis on analysis and actions relating to race equality, and in particular, to the review carried out last year of race relations and discrimination within the Council.

Key points and themes in the report included:-

- It was the ambition of the Council to achieve a workforce that would reflect at all levels and in all professional and vocational groups, the diversity of Manchester's working age population;
- Through the strategy, the Council intended to be more diverse at senior levels in the Council, through progression of existing staff and external recruitment, particularly from Manchester;
- The Strategy would enable Managers to be more confident in their understanding and creation of racial equality and have a better understanding of the lived experience of the Council's Black, Asian and ethnic minority staff;
- It was envisaged that the Strategy would enable Black, Asian and ethnic minority employees across the Council to realise their full potential;
- Through the strategy the Council would aim to employ more Asian and particularly Pakistani, and Chinese staff;
- The Council would endeavour to improve its equality data collection in order to have better data on which to make decisions; and
- The Strategy would change the culture of the Council, making it a more inclusive organisation which better valued diversity and focussed on outcomes.

The Executive Member for Children and Schools briefly commented on the report and hoped that the Strategy put some of the Committee's previous discussions around the feedback of the Race Equality Working Group into more context and reassured the Committee as to how much of a priority this was for the Council.

The Director of HROD commented that the action plan within the Strategy provided the building blocks to where the Council needed to concentrate its efforts in improving monitoring; developing Black, Asian and minority ethnic staff; engagement and communication; HR policies; and leadership.

A thorough debate on the issue then took place and some of the key points that arose from the Committees discussions were:-

- The Strategy was a positive starting position for the Council, however some Members felt strongly that Race Equality should be a separate strategy to the Workforce Equality Strategy;
- It was felt that monitoring of race equality with tangible outcomes was needed;
- It was commented that there was a lack of Black employees at senior levels in the Council and the Strategy needed to acknowledge this as this was a key aspect of the Race Review;
- It was felt that there was a need to put active measures in place in terms of addressing race inequalities;
- There was concern that the number of staff identified in any characteristic was very low and the Strategy needed to address this lack of data and improve staff trust in using this data to improve outcomes;
- There was a need to truly embed the change of culture that the Strategy looked to bring about to make any real long term change;
- Clarity was sought on the number of people who had been engaged with from the various protected characteristics in forming and developing the strategy;
- There was concern of the lack of data collected from transgender and non-binary staff;
- Further work was needed in standardising aspects of the strategy as information and data on different protected characteristics was being collected from multiple facets;
- The Council needed to demonstrate it understood what it meant to be a disabled person when trying to identify staff classed as disabled;
- It was hoped that the spirit and approach to addressing race equality would spread to the other protected characteristics;
- There needed to be strengthening in the proposals for leaders and managers to behave in a particular way in order to deliver equality and held accountable, not just gain a better understanding of, as the Strategy referred;
- It was suggested that training awareness of racism was put in place for all staff and Councillors, and Councillors should be afforded the opportunity to be part of the working groups that had been set up;
- It was asked if the Lead Members for the various equality strands had been consulted on the draft;
- It would be appreciated if there was clarity around the quantitative and qualitative data in the final version of the strategy; and

- How was it envisaged that the Council's Senior Management would reflect the city, when it recruited from further afield.

The Director of HROD commented that the separate Race Review and Race Equality Steering Group generated a lot of the recommendations within the Strategy and a Project Manager had been appointed to progress those recommendations associated with race and ethnicity. However, it needed to be acknowledged that there were intersectionalities that needed to also be addressed through the Equalities Strategy. The Executive Member for Children and Schools commented that the Strategy should be viewed as a complementary piece of work to the Race Equality Review and Action Plan addressing the lack of a council wide equality strategy and clarified that it was not intended to subsume the work of the Race Review. The Executive Member for Neighbourhoods commented that the Strategy did not shy away from the issues regarding race inequalities within the Council.

It was commented that the collection and monitoring of data would be critical to any successful progress and the building of trust and understanding from staff would be essential for improvements to be achieved. The Chief Executive added that the power of the strategy was in the conversations that needed to be built with staff in relation to changing the Council's culture and enabling it to be at the progressive forefront.

The Director of HROD explained who had been consulted with from the various protected characteristic groups so far and the Executive Member for Children and Families added that the consultation had not yet completed, and more consultation was planned with a wider staff cohort as well as trade unions, and the Lead Members for the various equality strands.

It was reported that the Council did not hold any data on staff who were transgender but the Director of HROD would be meeting with the LGBT Staff Group to plan a course of action to address this. It was also commented that as the last round of census data was now so old, personal independence claims were used as a way of understanding the disability in the working age population as the best comparison method. Members of the Committee queried this, as PIP payments were dependent on a more significant level of disability than would be covered by the Equality Act definition of disability, which would cover much larger numbers of people. It was suggested by the Committee that the model of disability being used required greater clarity. It was proposed that if it was felt that this was not appropriate Officers could look at what other information was available to compare with the rest of the population.

Members queried the lack of reference to religion and belief as a protected characteristic. It was also explained that it was not possible with the data collected to draw conclusions for actions against all of the nine protected characteristics, such as religion.

The Chair recommended that Officers collected more information on those protected characteristics where not enough data had been gathered to form any actions, as it was not appropriate to just ignore those characteristics on the basis that the Council had not enough information. Both Executive Members acknowledged that data

collection and monitoring would be a critical part of the action plan and in some areas the data collected to date had been inadequate. An undertaking was given to take up the point made around the lack of data collected on Religion.

The Deputy Chief Executive and City Treasurer acknowledged the points that had been made by the Committee but commented that the Strategy would be a starting position for the Council with specific action plans underpinning it that Officers could be held accountable to.

The point raised on strengthening the proposals for leaders and managers to behave in a particular way in order to deliver equality and held accountable was supported by the Executive Members and Officers.

The Chair then sought the Committee's vote as to whether the race equalities aspect should be separated from the Strategy. On putting it to the vote there was not a majority of Committee Members in support of recommending that the race equality aspect be separated from the strategy.

Decisions

The Committee:-

- (1) Requests that Officers take on board the comments made by the Committee in finalising the Strategy.
- (2) Recommends that training on race awareness is provided to all staff and Elected Members.
- (3) Requests that the lead members for the other protected characteristics are engaged with prior to the final iteration of the Strategy being submitted to the Executive for adoption.

RGSC/20/49 Our Manchester Strategy Reset - Engagement Activity and Findings

Further to Minute RGSC/20/38 (Our Manchester Strategy Reset – Timescales), the Committee considered a further report of the Director of Policy, Partnership and Reform, that provided an overview of the engagement activity undertaken to inform the Our Manchester Strategy reset, and the findings and emerging priorities from it.

Key points and themes of the report included:-

- Approximately 3,700 people had been directly engaged with and had their views captured, which compared favourably to the original Our Manchester Strategy engagement in 2015 when approximately 2,000 people were directly engaged;
- Resident engagement had included a universal engagement offer, supplemented with targeted engagement to key cohorts of residents who either had traditionally not engaged with digital communication or who had been particularly affected by COVID19;
- A summary of the resident engagement, which covered respondents, neighbourhoods, gender, age, ethnicity and disability;

- The engagement undertaken with businesses and organisations to specifically gather opinions on the priorities, challenges and opportunities Manchester faced over the next five years;
- A summary of the engagement sessions that had been held with 16 partnership boards, including all boards that report into the Our Manchester Forum, to capture their thoughts on what Manchester should prioritise over the next five years;
- The engagement undertaken with the Our Manchester Forum and Council staff;
- A summary of key priority themes identified from the analysis of all the engagement activity undertaken; and
- Detailed next steps.

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

- It was surprising to see that policing and anti-social behaviour was not a high priority for residents when compared to the consultation on the original strategy;

The Deputy Leader advised that this was probably due to the current circumstance that residents were facing when the consultation on the re-set was undertaken, with health taking a higher priority for people.

Decision

The Committee notes the findings from the Our Manchester Strategy reset engagement activity and the next steps.

RGSC/20/50 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) Note the report.
- (2) Note that the Chair will finalise the Work Programme for the next meeting in consultation with Officers.