

## **Resources and Governance Scrutiny Committee**

### **Minutes of the meeting held on Tuesday, 1 December 2020**

**This Scrutiny meeting was conducted via Zoom, in accordance with the provisions of the The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.**

**Present:**

Councillor Russell (Chair) – in the Chair  
Councillors Ahmed Ali, Andrews, Clay, Davies, Lanchbury, B Priest, A Simcock, Stanton, Wheeler and Wright

**Also present:**

Councillor Leese, Leader  
Councillor N Murphy Deputy Leader  
Councillor Rahman, Executive Member for Skills, Culture and Leisure  
Councillor Hitchen, (Minute RGSC/20/56 only)

**Apologies:** Councillor Rowles

### **RGSC/20/51 Minutes**

**Decision**

The Committee approves the minutes of the meeting held on 3 November 2020 as a correct record.

### **RGSC/20/52 Government Spending Review**

The committee considered a report of the Deputy Chief Executive and City Treasurer, which detailed the main announcements from the Spending Review with a focus on those impacting the City Council's budget.

Key points and themes within the report included:-

- A 3% increase in Council Tax Adult Social Care precept (the referendum limit for the Council Tax precept remained at 2%);
- An additional £300m social care grant (£150m of this was new funding);
- The New Homes Bonus scheme would continue for 2020/21 for additional homes delivered;
- Additional support for COVID-19 losses;
- Unringfenced £670m in relation to Council tax losses including the impact of the increase in numbers receiving Council Tax Support
- 75% of irrecoverable 2020/21 Collection Fund losses would be reimbursed by the Treasury resulting in a smaller deficit to be smoothed over three years;

- The 100% Business Rate Pilots would continue for another year (including Greater Manchester) and there would be no Business Rates reset in 2021/22;
- Funding for Troubled Families scheme of £165m would continue on a roll over basis;
- Funding of £254m was announced to reduce rough sleeping and Homelessness;
- Pay rises in the public sector would be restrained with only nurses, doctors and others in NHS receiving a pay rise next financial year;
- Due to the fact this was a one-year Settlement and many of the announcements were for one-off funding the position for 2022/23 would still remain extremely challenging with an anticipated gap remaining of c£120m; and
- The Council will also need to deliver around £50m of cuts in for 2021/22 to achieve a sustainable position for the future.

There were no questions in relation to this report.

### **Decision**

The Committee notes the report.

### **RGSC/20/53 Setting of the Council Tax Base and Business Rates Shares for Budget Setting Purposes 2021/22.**

The Committee considered the report of the Deputy Chief Executive and City Treasurer that advised on the methodology of calculating the City Council's Council Tax base for tax setting purposes and Business Rates income for budget setting purposes for the 2021/22 financial year, together with the timing of related payments and the decision on business rates pool membership. The Chair of the Committee would be requested to exempt various key decisions from call in.

Clarification was sought on how many properties were included in the Council tax base for 2020

The Deputy Chief Executive and City Treasurer advised that the Council tracked the number of council tax properties in each council tax band and the number of properties that were exempted from council tax which meant that the calculation was complex and the figure would only be confirmed in January 2021.

### **Decisions**

The Committee: -

- (1) Note that the Deputy Chief Executive and 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 2020/21;
- Agree the estimated business rates surplus or deficit for 2020/21;
- 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.

(2) Note that the Chair of the Scrutiny Committee will be requested to exempt various key decisions from the call in procedures.

### **RGSC/20/54 Discretionary Housing Payments**

The Committee considered a report of the Deputy Chief Executive and City Treasurer, which provided an update on the Council's Discretionary Housing Payment scheme and the potential impact of anticipated budget cuts

Key points and themes in the report included:-

- The officer proposal that was being considered as part of the budget consultation was to remove £1.5m of the £2m additional Council contribution to the Discretionary Housing Payment Scheme Budget;
- The Council's contribution has supported the policy objective to sustain tenancies and avoid further intervention and support costs;
- Taking money out of the system would mean that decisions would have to be carefully managed to ensure that the Council could continue to support its most vulnerable residents;
- The Council could if required, reduce the budget and still provide valuable, additional support to residents in the city that need extra support with rent costs with a reduced contribution of between £500,000 and £1m; and
- The impact of which would depend upon what the government did with the, at present, temporary changes to Universal Credit and Local Housing Allowance.

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

- Why had the percentage of cases relating to Registered providers increased significantly;
- It was suggested that when referring to under occupancy in the report this needed to be clear that this was a bedroom tax introduced by the previous coalition government to target the least well off;

- There was concern that the potential cuts to this budget would impact on potential further homelessness incidents and as such any decision should be put on hold until the next financial year;
- There was a need from Government to commit to the £20 payment in regard to Universal Credit;
- If the DHP budget was reduced, what contingencies would be in place to put more money in to the budget if pressures increased during the course of the next financial year;
- What processes were in place to handle, in a timely manner, housing benefit claims for temporary accommodation;
- Was there enough resources to support the level of homelessness being presented in the city;
- Members did not feel it was appropriate to remove £1.5m of the £2m Council contribution to DHP and the Chair proposed instead that the Council made a contribution to this budget at £1m in order to maintain the current level of service.

The Head of Corporate Assessments advised that the number of cases per registered providers had increased in large part due to the proportions of the payments being made, as the proportion paid to homelessness cases had reduced by some extent which had in turn increased the proportion being paid in to registered providers.

The Leader, whilst acknowledging the point being made, advised that reference to under occupancy being referred to as a bedroom tax was a political terminology, which was not appropriate for Officers to be using when producing reports. He also advised that he recognised the point being made around the potential impact of cutting this budget would have on the number of homelessness cases, but to maintain the current level of intervention would result in an over budget of between £0.5m and £1m and this was not appropriate to do. He added that whilst the budget could be reduced for 2021/22, in subsequent years there may be the need to increase it again due to the uncertainty of changes to Universal Credit and Local Housing Allowance

The Committee was advised that the Council would always maintain an unallocated contingency budget for instances where pressures for services became higher than anticipated.

The Head of Corporate Assessments advised that there were fortnightly meetings with colleagues in Homelessness to try and address the issues arising with making timely and successful benefit claims for those in temporary accommodation. It was acknowledged that this was a difficult area to overcome the issues that currently existed but was something that Officers were continually working on. The Chair suggested a follow up note to Members on this would be beneficial.

The Leader commented that the Government's Spending Review had identified additional funding to address homelessness but the precise details and allocation had not been released.

The Leader commented that he would be comfortable supporting the proposal for the Council to provide a £1m contribution to the service, which was in line with the current costs of maintaining the existing level of service and suggested that a deeper analysis of how other local authorities were supporting this service area via other routes.

### **Decision**

The Committee recommends that the Council keeps its contribution to this budget at £1m in order to maintain the current level of service.

### **RGSC/20/55 New Customer Service Centre Delivery Model**

The Committee considered a report of the Deputy Chief Executive and City Treasurer, which outlined the proposed new delivery model for face-to-face services currently delivered by the Customer Service Organisation (CSO).

Key points and themes of the report included:-

- An overview of the pre Covid Customer Service Centre (CSC) offer,
- Current arrangements as a result of the COVID19 pandemic; and
- Further detail on the piece of work to look at what a future operating model could look like and deliver for the Council and its residents.

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

- There was a need to be clearer on what was meant by a signing service, if this was in reference to BSL;
- Would consideration be given to offering the video conferencing service in more libraries than just the three referred to in the report;
- What impact would the proposals have on non-staffing related budgets;
- What level of staffing was being proposed for the delivery of the new model of service;
- It was felt that the service currently provided by the Council was superior to organisations providing a comparable service;
- Further clarity was sought on the co-browsing proposals;
- What model had been used to identify the three pilot areas;
- It was felt that there was still a need to provide a direct face to face homelessness services for those who needed it in the Town Hall;
- Was there enough capacity to deal with any increase in demand on the service, including homelessness triage when the current hold on evictions due to the COVID19 pandemic comes to an end;
- The Committee had understood the report to be indicating that there would be face-to-face services in the libraries, but was this not in fact the case; and
- It was requested that information be provided to the Committee on the number of residents requesting face to face appointments and subsequently getting these

appointments and what follow up is being done to ensure residents are getting the support they require.

The Director of Customer Services and Transactions acknowledged the point made around signing service but advised that there was a range of different signing languages that people used so a collective reference was currently being used but this could be changed to something more appropriate if required.

The Committee was advised that the three libraries were just being used as a pilots for the video conferencing service. If this was well received then consideration would be given to implementing this in other libraries across the city as the cost/physical infrastructure requirements for implementing were not insignificant.

The Director of Customer Services and Transactions advised that there were currently 18 staff in the CSC. There had been no face to face service offered since March 2020 due to the COVID19 pandemic and this new model only provided a face to face service at the CSC in the Town Hall, staffed by six employees, who would undertake a meet and greet function and any appointments that were required to be face to face at an appropriate location for the customer, which would include home visits if needed. Elsewhere would be via video conferencing.

In terms of the co-browsing proposal, this would allow for Council staff to provide real time digital support and view what the resident was looking at on their screen or having difficulty in completing.

The Deputy Leader advised that the three pilot areas had been identified on geographical grounds, representing the north, central and south of the city where a library had a large enough interview room that could comply with COVID19 spacing requirements.

The Director of Customer Services and Transactions advised she would speak to the Director of Homelessness in regard to the point made around the need to retain a face to face service. There was no plan to do this in libraries. In terms of increase demand on the service in relation to benefit claims, it was explained that any new benefit claimants would tend to be made by phone and the co-browsing proposals would support this. In relation to concerns around any possible increases in homelessness triage, this too would need to be passed to the Director of Homelessness for an appropriate response.

## **Decisions**

The Committee:-

- (1) Note the content of this report.
- (2) endorse the proposed approach to developing and implementing a new operating model for face-to-face Council Services.
- (3) Requests the officers take into account the comments made by the Committee when developing and implementing the new operating model.

## **RGSC/20/56 Withdrawal from school catering provider market**

The Committee considered the report of the Strategic Director, Neighbourhoods that informed the Committee of the current financial and operating position of Manchester Fayre, which provided catering services to 80 sites across the City. The report outlined the forecast cost of the service in the current year and the additional budget requirement that will be needed to continue operating the service.

The main points and themes within the report included: -

- Providing an introduction and background to Manchester Fayre;
- Describing the current operating position;
- Detailing the current budget position;
- Staffing implications; and
- Proposed transition arrangements.

It was also reported that the Council was not required to provide a school meals service and the subsidy now required to continue to operate the service to a minority of Manchester schools was significant. This subsidy would have a consequential impact on other service reductions that would be required. It was also commented that the market for school meal providers in Manchester was competitive and alternative providers could service the demand without the subsidy that would be required for Manchester Fayre.

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

- Rebutting the assumption that the jobs and employment terms and conditions of staff would be protected under TUPE (Transfer of Undertakings (Protection of Employment) Regulations 2006) arrangements if transferred to alternative providers, and noting that the limitations within those legal protections meant that in the current economic climate, TUPE was highly unlikely to be effective and might actually incentivise redundancy;
- Did any other local authorities in Greater Manchester have a service that was not loss-making, and if so, how had that been achieved;
- What consultation had been undertaken with Trade Unions, noting that concerns had been expressed by the Trade Unions regarding the consultation process, and suggesting that industrial relations were not being adequately maintained;
- Expressing the need to explore every option to protect the jobs and wages of the lowest paid workers, with more than one member commenting that it was a service predominantly staffed by relatively low paid, female workers;
- Noting that this proposal had been made repeatedly over a number of years, and questioning whether the communications strategy to sell the service was adequate;
- Noting that Manchester Fayre had been independently identified as a very good service, providing high quality and nutritious food and noting the importance of this for the children of Manchester;

- Commenting that the proposals amounted to an outsourcing of services;
- The Council should give consideration to using capital funding to deliver this service;
- Questioning the argument regarding the inability to deliver the service at economy of scale, noting that other providers had expressed an interest in delivering this service;
- Seeking clarification on the cost charged by Manchester Fayre to provide a school meal, commenting that there were different figures on the Council's website;
- Had consideration been given to delivering a Greater Manchester service to schools; and
- What was the actual budget of the service, commenting that the loss incurred during the pandemic should be disregarded as it has been for other Council services.

The Director of Commercial and Operations responded to the comments and questions from the Committee by stating that consultations had been undertaken with local Trade Unions in accordance with agreed protocols and process. He advised that staff would be transferred to any new provider under TUPE arrangements. He stated that the service could not compete with alternative providers due to the economy of scale, noting that approximately six schools per year were opting out of the service and the financial loss incurred by the service next year was anticipated as a minimum of £600k. He further clarified the cost to a school for a meal provided by Manchester Fayre, however the cost charged to the pupil was determined by the individual school, commenting that the information on the Council's website would be revised to ensure the information provided was correct.

The Director of Commercial and Operations stated that discussions had been undertaken with other local authorities, and that Salford had a more profitable service, but that school finances were arranged differently in Salford. Due to the different local funding arrangements and each school managing their own budget for this function in Manchester, this presented a significant challenge. He stated that previous attempts to re-recruit schools had stopped as the tactics used were not proving successful. The conversations would continue in addition to the local service manager and nutritionist promoting the Manchester Fayre service to Manchester schools, noting the positive comments on the service identified by the independent report.

The Deputy Chief Executive and City Treasurer confirmed that in some cases capital receipts could be used to fund transformation programmes where there was a financial payback. However caution needed to be taken when using capital funding to finance a transformation project and some local authorities had got into difficulties from it. It was also noted that it was the schools and their governing bodies that had decided to opt for alternative providers to deliver schools meals as they retained and managed this budget.

The Executive Member for Skills, Culture and Leisure addressed the Committee and stated that the report did not propose any job losses and did not impact on the provision of Free School Meals. He stated that the budget to provide school meals had been delegated to individual schools and it was their decision as to how they procured this service, commenting that of the 185 schools in Manchester 110 of these had opted for alternative arrangements. He stated that the financial situation



was such that it was unjustifiable to continue to subsidise this service. He stated that the report detailed the alternative options that had been considered and reiterated the point that this report did not propose any job cuts. He concluded that the money saved by not continuing to subsidise this service could be used to protect jobs and services when considering the broader budgetary pressures the Council was experiencing.

The Leader stated that the decision had been taken some time ago by the Council to delegate this budget to individual schools, noting that any surplus achieved was retained by the school. He commented that 63% of schools currently procured school meals from other providers and nutritional standards had not deteriorated, adding that in many cases the menu variety had improved, and produce had been procured from local providers. He stated that there was no evidence to indicate workers' pay and conditions for those who had transferred to other providers had been adversely affected in his ward. He concluded by stating that the Council could not afford to continue to subsidise this service.

## **Decisions**

The Committee: -

- (1) Recommends that the proposals described within the report are not progressed.
- (2) Accepts that Manchester Fayre may not be sustainable in its current form but recommends that alternative options are considered to maintain the offer of Manchester Fayre and protect jobs, including delivering a service with other Greater Manchester local authorities to achieve economies of scale and be a competitive provider of school meals.

## **RGSC/20/57 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 February and March 2021 meetings in consultation with Officers.