
Resources and Governance Scrutiny Committee

Minutes of the meeting held on Tuesday, 6 September 2022

Present:

Councillor Simcock (Chair) – in the Chair
Councillors Davies, Good, Lanchbury, B Priest and Wheeler

Also present:

Councillor Akbar (Executive Member for Finance and Resources)
Councillor Rahman (Deputy Leader (Statutory))
Councillor White (Executive Member for Housing and Development)

Apologies: Councillor Andrews, Kirkpatrick and Rowles

RGSC/22/31 Interests

Councillor Lanchbury declared a personal interest in item 7 – Property Annual Report.

RGSC/22/32 Minutes

Decision:

That the minutes of the previous meeting be approved as a correct record.

RGSC/22/33 Call In - Capital Expenditure Hough End Master Plan

In line with Council procedures, at the commencement of the meeting, the Chair took as the first item an Executive Decision that had been called in. This had been requested by five members of the Council for the Committee to consider. The Committee would look at whether the decision made complied with the Council's decision-making process. If the Committee believed that this had not been complied with, it could then refer the matter back to the decision-maker for reconsideration.

On behalf of those who had signed the request, Councillor John Leech was invited by the Chair to explain the reasons for calling in the decision to approve capital expenditure of £11,905,000 in relation to the Hough End Masterplan.

Councillor Leech explained that he did not believe there was a demonstrable need to improve sports pitches at Hough End Playing Fields and that no evidence had been provided to show that local schools and sports clubs who had invested in artificial pitches to generate income would not be detrimentally affected by the decision.

Councillor Leech also queried the financial return from the investment and whether the cost of replacing pitch surfaces after 10 years would outweigh the total profit made. He also felt that the works approved in the decision would not contribute to the Council's zero-carbon ambition, contrary to information in the report.

The Deputy Chief Executive and City Treasurer, the Strategic Director of Neighbourhoods and the Capital and Facilities Strategy Manager – MCR Active were in attendance to answer questions of the Committee.

In response to Councillor Leech, the Deputy Chief Executive and City Treasurer advised that the decision constituted the final stage in the decision-making process and was the drawdown of funding to support the scheme approved by Planning Committee, the Executive and Full Council. It was explained that a viable business plan had been created with a financial return, which the Deputy Chief Executive and City Treasurer was satisfied with.

It was stated that a broader environmental impact assessment was not required for a development of this scale and that the scheme had been designed with the needs of two local schools in mind.

The Strategic Director Neighbourhoods explained that stakeholder engagement had taken place with organisations and this had assessed the development and growth of clubs and identified a need for new pitch provisions.

The Deputy Chief Executive and City Treasurer and the Strategic Director Neighbourhoods both expressed their confidence that the correct decision-making processes had been followed.

Decision: (4:1)

That the decision taken by the Deputy Chief Executive and City Treasurer on 3 August 2022 relating to the approval of capital expenditure of £11,905,000 in relation to the Hough End Masterplan, should stand.

RGSC/22/34 Annual Section 106 Monitoring

The Committee considered a report of the Strategic Director Growth and Development, which provided an update on the Council's Section 106 (s106) activity for 2021/22 and to date.

Key themes in the report included:

- Planning application numbers having remained relatively stable over the years but there had been a slight downturn during 2021/22. It remained too early to predict activity for the current financial year;
- 16 S106 agreements were signed during the 2021/22 financial year and a further 7 agreements had been signed to date for the 2022/23 financial year;
- A higher proportion of contributions related to affordable housing and other key areas include leisure and environmental improvements;
- A schedule of completed agreements for 2019/20, 2020/21, 2021/22 and 2022/23 including values and number of units where applicable;
- A working group had been established to ensure that money received is available for spend, that there are no unnecessary delays in the spending of

financial contributions and that project managers are in place to oversee individual projects; and

- The balance of funds in the S106 capital accounts and how this money is split and examples of spend, including affordable housing, highway-related works and tree-planting.

Some of the key points and queries that arose from the committee's discussions included:

- Figures indicated a reduction in the number of major applications, which would impact the amount of S106 contributions received;
- If using the Section 278 process was more sufficient in generating funding for highways-related works than S106;
- Where Members involvement would be on the end-to-end process map for planning applications;
- An update on benchmarking with other Local Planning Authorities was requested;
- Whether S106 monies could be placed into the Council's wholly-owned housing delivery vehicle;
- The possibility of members observing the officer working group which ensures money received is available for spend;
- Request for a record of how many and where trees had been planted;
- What was meant by 'land value' and 'market forces'; and
- Expressed thanks for the ward-by-ward breakdown of applications.

The Section Planning Manager explained that increased construction costs had resulted in a reduction in major applications being received but provided assurances that officers would continue to negotiate section 106 contracts where appropriate.

The Section Planning Manager also explained that off-site highways works were often agreed through a condition and relevant agreement and this helps to embed issues through planning permission.

It was explained that members would be involved in discussions regarding applications as soon as they are registered with the Local Planning Authority (LPA) and that confidentiality between the LPA and developers restricted these conversations from taking place before applications were registered. It was acknowledged, however, that some developers hold pre-application consultations.

The Section Planning Manager acknowledged that difficulties in making contact with other Core Cities to undertake benchmarking had led to a delay but informed members that a meeting had been scheduled for late September.

It was also explained that information on the number of trees planted was difficult to quantify for every approved application. The Section Planning Manager advised that this could be undertaken on individual ward levels.

In response to members' requests, the Section Planning Manager agreed to look into whether S106 monies could be used to fund the Council's wholly-owned housing delivery vehicle and how members could be involved in the officer working group.

Definitions of the terms 'land values' and 'market forces' would also be provided outside of the meeting.

The Executive Member for Housing and Development welcomed the committee's comments and reiterated the importance of engaging with members on planning applications.

Decision:

That

1. the Committee notes the report;
2. the Committee requests that a further update report is provided to the committee in 12 months; and
3. the Committee requests future reports reference the extent to which Section 278 monies can be utilised.

RGSC/22/35 Property Annual Report

The Committee considered a report of the Deputy Chief Executive and City Treasurer and the Director of Strategic Development which provided an update on property activity since the last Annual Property Report to Resources and Governance Scrutiny Committee in May 2021.

Key points and themes of the report included:

- The development of the Strategic Asset Management Plan (SAMP) to set out key priorities for the Council's property and land asset base and the approach to the management of it over a 5 year period;
- An update on the work of the Development team, Estates and Facilities Service and Investment Estate;
- The emergence of the Levelling Up fund, Shared Prosperity Fund and other initiatives had been a focus for the Development Team;
- The creation of a multi-disciplinary team to renew the vision for Wythenshawe Town Centre, with a view to submission of a comprehensive Levelling Up round 2 bid;
- City Centre development and commercial development;
- Housing development and major regeneration projects; and
- Social value work as a result of commitments by the Council's main maintenance contractor, including 755 volunteering hours, 99 hours of school-based support, 76 hours of community support, two energy workshops, five helping hands projects and two charity events.

Some of the key points and queries that arose from the Committee's discussions included:

- How much income had been generated by Central Retail Park being used as a COVID testing site;

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- Potential issues with attracting investors to Central Retail Park;
 - Commended and recognised work on social value;
 - A need for greater working between corporate property and local councillors to link community groups with available venues and space;
 - A need for the contracted provider of the Council's property management services, asset valuations, landlord and tenant services to recognise the uniqueness and individualism of some of the Council's assets; and
 - How organisations and asset management companies which the Council works with can be 'good neighbours' to residents.

The Head of Development advised members that discussions with a specific party regarding a major opportunity at Central Retail Park had been undertaken and that this remained confidential. It was felt that this opportunity would be appropriate for the development and was progressing positively.

Figures on the income generated from the testing centre at Central Retail Park would be provided outside of the meeting.

The Head of Development acknowledged the Committee's comments on the Council's outsourcing contract and agreed that the scope and provider of the this needed to be appropriate.

Decision:

That the Committee note the report.

RGSC/22/36 Ownership of Assets

The Committee considered a report of the Head of Estates and Facilities and the Head of Development which provided an overview of the Council's Property Asset Database (CPAD), the training available for Councillors on the system, and the role of the Records team in supporting ownership queries.

Key themes and points of the report included:

- CPAD helps Councillors to determine who owns what within their wards;
- Members have been able to access CPAD since January 2017 and training and access has been offered to all new Members, with refresher training available as required. Any Member requiring new or refresher training should contact CPAD@manchester.gov.uk.
- Members who have received training are provided with read-only access to operational, investment and school site records within their wards; and
- Work was underway to update records and develop a strategic asset management plan.

A live demonstration of using CPAD was also provided at the meeting.

Some of the key points and queries that arose from the Committee's discussions included:

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- If land is classified by department and if this information is available through CPAD;
 - How the Strategic Asset Management Plan (SAMP) would improve the decision-making process around land, property, investment and development decision making;
 - Encouraging members to take up the offer of training on CPAD;
 - If land disposal is recorded on the system;

The Estates Information Manager (Systems) explained that work was underway as part of the 10-year anniversary of CPAD to update some historic records to ensure relevance. It was also confirmed that the CPAD system provides information as to which council department owns an asset.

It was also explained that enquiries as to ownership of land are primarily received through the Council's CRM system which are then directed to Corporate Estates for triage.

The Deputy Chief Executive and City Treasurer encouraged members and residents to continue to use the CRM system to report issues such as fly tipping and waste.

The Head of Estates and Facilities provided assurances that the SAMP, which was being developed, would provide a clear process for making decisions around ownership of land.

The Director of Development reiterated these comments and explained that the SAMP would be an open and transparent evaluation tool which would bring together the Council's strategic priorities, planning policy and consultation with partners to evaluate the potential of land to provide a supply of homes, work and skills opportunities and community uses. The SAMP would be a public document and engagement would be undertaken with ward members.

The Committee was also advised that officers were working with Members Services to introduce training on CPAD as part of the wider induction programme.

Assurances were provided that records were not deleted from the system and that disposed land would be recorded as an archived site.

The Deputy Leader (Statutory) advised members that work remained underway on the SAMP to ensure robustness and that training could be arranged for after this work is completed.

Decision:

That

1. the Committee notes the report;
2. the Committee recommends increasing efforts to have members of the Council trained on the CPAD system; and

3. the Committee recommends that training on the CPAD system be included as part of the wider induction programme for members.

RGSC/22/37 Global Monitoring and Budget Position

The Committee considered a report of the Deputy Chief Executive and City Treasurer which outlined the projected outturn position for 2022/23, based on the latest expenditure and income activity and future projections, and the updated forecast position for 2023/24 and beyond.

Key themes and points of the report included:

- An overspend of £20.1 million was forecasted for 2022/23;
- The overspend was mainly due to the announcement of a higher than expected one year pay award offer for 2022/23 (£9.5m), additional utilities inflation (£3.9m), higher than expected price inflation (£3.6m) and other pressures, largely relating to income shortfalls (£3.4m);
- The pay offer proposed from the National Employers is a flat £1,925 per employee regardless of where they are on the salary structure;
- The implications of COVID-19 and record levels of inflation on the Council's cost base would have a significant impact on the Council's finances for a number of years;
- The main demand-led services of Adults, Children's and Homelessness were projecting to outturn at or below budget;
- The Council was working to reduce the pressures where possible and mitigate the position by:
 - Daily monitoring of wholesale prices for gas and electricity to inform the best time to take up new contracts
 - Rigorous procurement practices and ongoing discussions with suppliers to contain inflationary increases where possible
 - Review of Sales, Fees and Charges income to reflect increased pay awards and other costs where possible.
 - All directorates to review budgets and identify in year savings and mitigations ;
- Development of a parking strategy was underway to support the overall city centre transport strategy and rebase budgets to reflect the reduced level of off-street parking income; and
- The Medium-Term Financial Statement (MTFS) forecasted the Council's budget gap at £37m in 2023/24, increasing to £58m by 2024/25.

Some of the key points and queries that arose from the Committee's discussions included:

- Acknowledged the rapidly-moving situation within the budget process;
- The increased workload anticipated in Revenues and Benefits this winter;
- Potential difficulties in receiving council tax and business rates as the cost of living crisis escalates;
- Whether any modelling had been undertaken regarding the local government pay offer, which was still under negotiation; and

- Any additional measures the Council could provide to help residents living in socially-rented properties.

The Deputy City Treasurer advised that the current pay offer was a flat-rate £1925 per employee, irrespective of position on the pay scale. This meant that employees on the lowest pay would see the greatest increase in their pay. This constituted an average increase of 7% to the Council's pay bill, amounting to £16.5 million in comparison to £7 million which was budgeted for.

The Deputy City Treasurer also advised members that this figure was still under negotiation and that the pay offer could amount to higher if the flat £1925 increase was rejected.

It was explained that the inflation rate was 3% when the budget was set in February 2022 and was projected to peak at 5%.

The Deputy Chief Executive and City Treasurer explained that a further Household Support Scheme had been announced and further guidance on this was expected. The provisional figure for the scheme was £6.5 million and the Council would work to identify how this funding could be best used.

It was acknowledged that the Council was unable to mitigate every consequence of the cost of living crisis but work was underway to assess how the Council makes best use of its resources and discussions were ongoing between the Council and landlords on how to support residents. Discussions were also taking place regarding housing revenue accounts and the level of rent increases.

The Deputy Chief Executive and City Treasurer also informed members of a reserve which had been set aside and the Council was assessing proposals on how this could be used.

The Executive Member for Finance and Resources commented that the Council was experiencing difficulty in absorbing inflationary pressures given the impact of COVID and the cost of living crisis and called on the government to recognise the severe and unprecedented pressures that local authorities are facing.

The Executive Member encouraged the government to commit additional funding in the fiscal event, which was anticipated in late September, to mitigate against soaring inflation so that essential services provided by local authorities are supported.

Decision:

That

1. the Committee notes the report and
2. the Committee endorses any efforts made by the Council to secure additional funding from the government.

RGSC/22/38 Overview Report

The Committee considered the report by the Governance and Scrutiny Support Unit which provided details of key decisions that fall within the Committee's remit and an update on actions resulting from the Committee's recommendations. The report also included the Committee's work programme, which the Committee was asked to amend as appropriate and agree.

Members reiterated their desire for all reports to be published on time and requested that a response be provided to the outstanding recommendation on the Recommendations Monitor.

Decision:

The Committee note the report and agreed the work programme.