

Resources and Governance Scrutiny Committee

Minutes of the meeting held on 9 November 2021

Present:

Councillor Russell (Chair) – in the Chair

Councillors Ahmed Ali, Andrews, Clay, Davies, Hitchen, Kirkpatrick, Lanchbury, B Priest, Robinson, A Simcock, Wheeler and Wright

Also present:

Councillor Craig, Deputy Leader (Finance)

Councillor White, Executive Member for Employment and Housing

Apologies:

Councillors Rowles

RGSC/21/45 Minutes

Decision

To approve the minutes of the meeting held on 12 October 2021 as a correct record.

RGSC/21/46 Spending Review and budget update

The Committee considered the report of the Deputy Chief Executive and City Treasurer and City Solicitor, that provided an update on the main announcements from the Spending Review 27 October 2021 with a focus on the implications for local government funding, what this meant for the Council's budget position and the proposed budget process.

Key points and themes in the report included:

- The Council was forecasting an estimated shortfall of £4m in 2022/23, £64m in 2023/24 and £85m by 2024/25;
- A summary of all Spending Review Announcements;
- The Corporate Core priorities and budget; and
- The Commercial & Operations priorities and budget.

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

- That the current Government was committed to cutting public service funding;
- The failure of Government to invest in initiatives to address climate change;
- The failure of Government to adequately address the issue of funding Adult Social Care, noting the significant pressure this placed on the Council's budget;
- The statement within the report that read 'the Council has borne the brunt of local government cuts and if it had seen funding cuts in line with an average Council it

would have £85m a year more in funding than it currently has.' should be made explicit to the residents of the city;

- Further information on the £50.6m of risk-based reserves was requested;
- How would the reduced airport dividend be accounted for;
- An explanation was sought in relation to the reported lower number of Council Tax exemptions and the reported fewer than anticipated Council Tax Support claimants;
- All opportunities to address empty properties using the Council Tax scheme should be utilised;
- Noting the national investment announcements, how much of this funding would be directed to Manchester;
- How would the City Region Sustainable Transport award benefit Manchester residents;
- Would there be any new additional funding released to Local Authorities to support the activities and pressures realised as a result of the pandemic; and
- What impact did inflation and interest rate increases have on the budget.

The Deputy Leader (Finance) said that it was important to consider the budget in the context of ten years of imposed austerity and continued reductions in public sector spending, in addition to the impact of COVID-19. She stated that the Local Government Finance Settlement was expected mid to late December and the outcome and budget implications would be reported back to the January meeting of this Committee. She concluded by stating that the ongoing piecemeal approach to Local Government Funding was inappropriate and that Manchester would continue to lobby for a fairer, long term arrangement to help support and deliver the strategic ambitions of the Council and improve the outcomes for Manchester residents.

The Deputy City Treasurer responded to questions by stating that all commercial income had been impacted by COVID-19, adding that the Airport dividend was applied retrospectively and this had been used to support a significant amount of work delivered during the pandemic. He described that prudential budgetary assumptions were made, hence the reported £50.6m of risk-based reserves. He further described that the estimated Council Tax surplus of £6.9m was accounted for in part due to the collection rate being better than anticipated. He stated that the reduced number in student exemptions was also due to students not moving into properties during the pandemic and undertaking online tuition. With regard to the levels of Council Tax Support he stated that the budget for this had not been reduced, however the demand on the scheme was not as high as anticipated.

The Deputy City Treasurer advised that Transport for Greater Manchester were working on the delivery of schemes to improve connectivity for Manchester residents, noting the City Region Sustainable Transport award. He commented that these plans included decarbonising public transport and the conversations regarding the redevelopment of Piccadilly station and HS2 were ongoing. In response to the specific question regarding additional COVID-19 funding he advised that no additional funding would be made

available, adding that any COVID-19 budget related legacies would be identified through the budget setting process.

The Deputy City Treasurer stated that budget planning assumptions and modelling had been calculated to accommodate inflationary pressures and borrowing using higher interest rates. He commented that a rise in inflation rates impacted on vulnerable residents which in turn impacted on the demand of Council services.

Decision

The Committee notes the report.

RGSC/21/47 An update on the delivery of savings approved in 2021/22

The Committee considered the report of the Deputy Chief Executive and City Treasurer, that provided an update on the delivery of savings that were identified for the 2021/22 Financial Year.

Key points and themes in the report included:

- The 2021/22 budget approved by Council included approved savings of £40.717m in 2021/22 across 86 initiatives, increasing to £47.704m by 2024/25;
- The current position for each directorate; and
- Conclusions.

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

- Did the reported reduction in Full Time Equivalent (FTE) posts impact on the delivery of front line services;
- Was the ambitions to promote car journeys into the city centre contrary to the ambitions of the Climate Emergency;
- The need to undertake Equality Impact Assessments for any proposed changes as a result of the budget;
- Information was sought as to the number of families and single people in temporary homeless accommodation, noting the wider cost to public services that arise as a direct result of homelessness and a policy of invest to save should be adopted when agreeing the homelessness budget;
- Noting that the Government had decided not to continue funding the Everyone In homelessness scheme; and
- Why was the planned lease break for a building not actioned in 2021/22.

In reply the Deputy City Treasurer stated that any reduction in FTE posts had not impacted on the delivery of front-line services, adding these posts were 'back office' posts and was in keeping with the approach and model to delivering customer services. He commented that Equality Impact Assessments are always undertaken as part of any service redesign consideration. He stated that the issue of car parking needed to be

considered in the context of wider strategic plans and ambitions for the city, making reference to the Mobility Hub to be delivered in Ancoats.

The Chair requested that information on how Equality Impact Assessments (EIA) were used was included in future budget reports to the Committee. The Deputy Chief Executive and City Treasurer commented that a wide range of data was used when considering all budget options and proposals in addition to EIAs, these included the State of the City Report and local ward data.

In regard to the issue of Homelessness the Executive Member for Housing and Employment stated that he would request that the data on the numbers of families and single people accessing temporary accommodation is circulated following the meeting. The Interim Director of Housing Operations stated that when considering the Homelessness Budget the emphasis was given to targeted investment to prevent incidents of homelessness recognising the comment from the Member regarding the additional demands on other services. The City Solicitor commented that a report on Homelessness would be considered by the Communities and Equalities Scrutiny Committee at their December meeting.

The Deputy City Treasurer said that the issue relating to the lease break arose as a result of a timing issue and the building in question was still being used to accommodate staff returning to the office and the need to maintain social distancing. He advised that the building would be exited at the next break. In response to a question relating to income generation he said that options to maximise this were always considered and reviewed.

Decision

The Committee notes the report.

RGSC/21/47 Housing Revenue Account Business Plan

The Committee considered the report of the Deputy Chief Executive and City Treasurer, that provided an update on the Housing Revenue Account (HRA) business plan following the bringing back in house of Northwards Housing the Arm's Length Management Organisation (ALMO) that used to manage the Council's housing stock. It also provides an update on transition progress including updated governance arrangements and workforce update.

Key points and themes in the report included:

- Providing an introduction and background to the Housing Revenue Account;
- Information in relation to annual rents; and
- Progress of the transition of Northwards into MCC, with a specific focus on governance and workforce.

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

- Urgent clarification was sought as to the remit and responsibility of the proposed Board to be chaired by the Executive Member of Neighbourhoods;
- Noting the improved communications with ward Members from the Executive Member and officers;
- The need to acknowledge that not all Northwards properties sat in what were traditionally referred to north Manchester wards;
- Requesting that all relevant ward Members had a standing invitation to meetings of the Board and had access to all relevant Board papers;
- It had been a previous recommendation of this Committee that there should be an independent member appointed to the Board;
- Would there be any change in the delivery of service as a result of the Equans contract to provide the repairs and maintenance service to Northwards' residents; and
- Welcoming the previous decision taken by the Council to continue with the Housing Revenue Account and supporting the decision to bring Northwards Housing back in-house.

The Director of Housing Operations noted the comments regarding the Board and stated that he would confer with colleagues to clarify the position and arrangements, including proposed timelines and this would be reported back to the Committee. The Deputy Leader (Finance) acknowledged the comments from the Committee and reassured Members that this would be clarified.

The Director of Housing Operations advised that tenants should expect no change in standards or service as a result of the Equans contract award and due diligence measures were applied to all contracts.

The Deputy Chief Executive and City Treasurer responded to questions from the Chair regarding issues relating to retrofitting and fire safety works, by advising that work was ongoing regarding the capital programme of work and an update report would be provided to the Committee at the appropriate time.

Decision

The Committee request a report be brought back to its meeting in December 2021 that provides greater clarity on the proposed remit and responsibility of the Board.

RGSC/21/48 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 includes the Committee's work programme, which the Committee was asked to amend as appropriate and agree.

The Chair requested that the entries provided at section 2 of the Overview Report be reviewed to ensure that all relevant Key Decisions were included.

Following suggestions from Members the Chair stated that she would speak with officers to progress including items on Human Resource and Organizational Development; Section 106, Communications and the Security Service Contract into the Committee's Work Programme. She further noted the comments during consideration of the previous agenda item regarding clarification being provided in relation to the governance arrangements and the proposed Board to be chaired by the Executive Member of Neighbourhoods.

Decision

To note the overview report and agree the Committee's Work Programme, noting the comments above.