

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Monday, 28 February 2022

Present:

Councillor Russell (Chair) – in the Chair
Councillors Ahmed Ali, Andrews, Hitchen, Lanchbury, B Priest, Robinson, Simcock, Wheeler and Wright

Also present:

Councillor Craig, Leader
Councillor Rahman OBE, Deputy Leader
Councillor Midgley, Deputy Leader (Adult Care and Health)
Councillor Akbar, Executive Member for Neighbourhoods
Councillor Rawlins, Executive Member for Environment
Councillor White, Executive Member for Housing and Employment
Councillor Butt, Assistant Executive Member for Youth Safety
Councillor Leech, Leader of the Opposition
Councillor Good, Deputy Leader of the Opposition
Councillor H Priest, Chair of Economy Scrutiny Committee
Councillor Reid, Chair of Children and Young Peoples Scrutiny Committee
Councillor M Dar, Ward Councillor Ancoats and Beswick

RGSC/21/15 The Council's Budget 2022/23

Further to minute RGSC/22/08, the Committee considered a report of the Chief Executive and the Deputy Chief Executive and City Treasurer which provided an update on the Council's financial position following scrutiny of the draft budget proposals and Directorate budget plans by all Scrutiny Committees.

The Committee received a statement from the Leader on the Executive's budget proposals and the key issues underlying the budget process. In doing so, she outlined the context of the proposed budget, in particular, she referred to the impact of budget reductions and austerity over the last 10 years which had led to £420m having been removed from the Council's budget, resulting in a 15% reduction in spending power compared to a national average of 2.4% and commented that if Manchester had had the national average applied to its budget, it would have a further £85m in its budget today.

In addition, the Leader acknowledged the impact and legacy of Covid, which was evident within the budget proposals, not just in terms of the financial impact on revenue and income, but also the impact on residents and communities. It was also recognised that Manchester had been let down by Government in meeting the financial demands brought about by Covid. The Leader also criticised the Government's approach for using council tax increases to supplement and underwrite the income for Councils, as this was considered a regressive tax that impacted more heavily on Manchester residents compared to those who were more affluent, and was not a sustainable or fair long term approach to funding local government. The Leader also commented that she would continue to call on Government for a fair and

sustainable settlement that gave economic certainty beyond just a one year funding settlement.

The Leader concluded that the proposed budget was one that had been developed from listening to Manchester residents, investing in their priorities, ranging from basic services, street cleaning, youth provision, support for those in need and most vulnerable to those living in poverty and investing in local communities and neighbourhoods, ensuring that every pound spent was for the betterment of Manchester residents.

Each Executive Member then summarised key points within the Directorate budget proposals.

The Chair then invited the Chair of Economy Scrutiny and the Chair of Children and Young People Scrutiny Committee to highlight issues arising from individual Directorate Budget Plans. In doing so the Chair of Economy Scrutiny highlighted the discussion held at Economy Scrutiny around the long-term vacancies within the Planning and Building Control department and had received assurance that through the forthcoming service redesign, additional resource would be added to the service to ensure it operated effectively. The Chair of Children and Young People's Scrutiny Committee commented that despite a 28% increase in the city's child population over the last 10 years, the number of Looked After Children had not increased at the same rate and this had been due to careful planning, centred around invest to save initiatives. She also added that concern had been raised in relation to the percentage of children with special educational needs and the strain this was placing on the high needs block without appropriate funding from Government.

The Committee then received a statement from the Executive Member for Housing and Employment regarding the Housing Revenue Account calculations for 2022/23 to 2024/2 and its use. He advised of the challenges the Council faced in delivering its housing ambition that had arisen from the imposition of a 1% annual rent cut for four years from 1 April 2016 and the impact of this on the financial viability of the Housing Revenue Account and the amount of resources to invest in improving existing stock, which had resulted in a proposed 4.1% increase in rents for this year. He referred to the progress that had been made in bringing Northwards Housing back into the control of the Council and the savings to be realised from this. He also referred to the proposals to improve the fire safety of Council high rise housing stock, the retrofitting the Council's existing housing stock as part of the Council's commitment to reduce its carbon emissions and the delivery of further social and affordable homes.

The Chair then invited questions from the Committee on the minutes of the proceedings of the Executive that related to the budget. The following questions and salient points were asked:-

- It should be recognised that the Council, in its budget proposals, had found the ability to alleviate some of the difficulties faced by Manchester residents, citing the hardship fund for the HRA, the Council Tax Support Scheme and the discretionary support scheme within Revenue and Benefits department;
- What progress had been made with the pay award for staff;

- In welcoming the proposed £700k Local Improvement Fund split across all wards, what work would be done with partners to try and ensure match funding for further investment in each ward;
- On a broader level, it was suggested that the Council considered the deprivation index and how this impacted on communities in relation to the governments promise of levelling up

The Deputy Chief Executive advised that the pay award for the Chief Executive and Chief Officer had been agreed but for the majority of staff this was still under final negotiation.

The Leader commented that the Local improvement Fund in many ways was a statement of intent and it was hoped that over the next 12 months, options around match funding and how this funding could be expanded would be investigated

The Chair then invited questions from the Committee on the minutes of the Scrutiny Committee proceedings that related to the budget, the Budget Public Consultation report and the Budget 2022/23 Equality Impact Assessment report.

A question was received and related to the possible need to look at how the Council engaged with ethnic communities given their low response rate to the budget consultation.

The Leader advised that this years' consultation was light touch given there were no significant savings to be made but for future years given there was considerable potential savings to be found, the Council would ensure it reached people in Black, Asian and Minority Ethnic communities in a proactive way as part of its future consultation on the Council's budget.

The Chair next invited Councillor M Dar to present his budget amendment. In doing so he proposed the following:-

- Across Ancoats and Beswick residents raise the problem of commuter and visitor parking on a regular basis. In Beswick following the Eastlands development, Labour Councillors secured first the Etihad Parking Scheme and now the wider Eastlands Parking scheme and we will continue to ensure this is extended effectively.
- As Councillors we are proud of Ancoats and New Islington and the vibrant new communities that have been created, but too often residents are blighted by commuter parking. For example, I have spoken to many residents on roads such as Weybridge Road, Chippenham Road, Woodward Street and the surrounding area have raised regular problems.
- The City Council should bring forward a local parking scheme in Ancoats that benefits residents and is funded from the proceeds of development in the area and complements the residents parking scheme in other parts of the ward and that work begins to bring forward a formal consultation with residents early in the new financial year.

In outlining the amendment, Councillor Dar clarified that the proposed amendment had been fully costed and confirmed upfront costs and ongoing revenue would be met through external revenue funding

The Chair then invited the Leader to comment on the proposed amendment from Councillor Dar.

The Leader clarified that she had received assurance that the funding for this amendment would not require any Council revenue subsidy and was satisfied the amendment was in line with Council policy and as such would be comfortable in accepting this amendment as part of the budget proposals.

The Chair next invited Councillor Good (Deputy Leader of the Opposition) to present his budget amendment on behalf of the Opposition Group. In doing so he proposed the following:-

- To allocate a budget of £1m to enable the Council to deliver additional local road safety and traffic calming schemes in areas of need; to be funded through a transfer from the Bus Lane Enforcement Reserve.
- To allocate a budget of £960,000 to enable the Council to continue the Parks in Partnership funding of £30,000 to each of the 32 wards of the city, for a further year, to be funded out of the On-street Parking Reserve.
- To allocate an additional £1m to the budget to improve basic services and street cleaning, to bring it in line with the Council's proposed budget for 2023/24 and 2024/25, to be funded from the increase to the Business Rates Reserve.
- All proposals in this amendment are one off spending commitments for 2022/2023.

The Chair again invited the Leader to comment on the proposed amendment.

The Leader commented that money that sat within the Council's reserves was already attributed to elsewhere and the Council did not have spare money that was not being used. She highlighted that within the Highways capital programme, £3.1m was to be allocated to accident reduction and local safety schemes in addition to £2m carried forward from 2021/2. Similarly, there was proposed investment of £3.6m investment in the Parks Development Fund, which would be in addition to the previously agreed £12m Parks funding. In regards to basic services, £700k would be invested in cleaner streets and a further £700k would be invested in the Local Improvement Fund. The Leader referenced the findings of the recent LGA Peer Review that looked at the Council's Medium Financial Strategy and how the Council prudently managed its funding, by ensuring it had the level of reserves it needed to give certainty for future years and resisting the temptation for one off funding through the use of reserves, particularly when the Council was facing funding shortfalls of £36m and £57m in 2023/24 and 2024/25.

The Chair sought confirmation as to whether the Opposition Group had considered how the use of Council reserves was used to support its capital strategy to prevent the need for external borrowing, and if so, had they sought the views of the Deputy Chief Executive and City Treasurer as to whether their proposed amendment would

have any implications on the funding for the Council's capital strategy or potentially lead to increased borrowing requirements in the future.

The Deputy Leader of the Opposition replied that they had.

The Deputy Chief Executive and City Treasurer confirmed that the detail of the costing of Councillor Dar's amendment would be provided for consideration by Full Council on 4 March 2022 and confirmed that the Council had earmarked the proceeds from the developments around the Ancoats area for the residents parking scheme and capital ongoing revenue costs. Given the interaction of the schemes in the surrounding area, it had been prudently costed up to a £4m contribution to deliver this scheme. In terms of use of reserves, The Deputy Chief Executive and City Treasurer commented that on a one-off basis, the use of reserves was sustainable in the short term but needed to be considered in the longer-term budget position.

The Chair commented that if the Council had spent its reserves at the levels contained within proposals put forward by the Liberal Democrats in previous years, the Council would not have been in the relatively stable financial position it was, when compared to some other local authorities, when the financial impact of the Covid pandemic hit and it had been only through the ability of using smoothing reserves that the Council been able to continue to balance its budget. She added and given the anticipated shortfall in the Council's budget and the looming impact of the Fairer Funding Review, it would not be prudent to depart from the way the Council planned to use its reserves.

Decisions

The Committee:-

- (1) Endorses the budget proposals as presented for approval by Full Council at its meeting on 4 March 2022.
- (2) Recommends that Council agrees the amendment submitted by Councillor M Dar.
- (3) Recommends that Council does not agree to the amendment proposed by Councillor Good.