
Resources and Governance Scrutiny Committee

Minutes of the meeting held on Tuesday, 11 October 2022

Present:

Councillor Simcock (Chair) – in the Chair
Councillors Andrews, Davies, Good, Kirkpatrick and Rowles

Also present:

Councillor Craig, Rahman, Akbar and Stanton, Deputy Executive Member for Finance and Resources
Randel Bryan, Executive Director and Deputy Chief Executive – Factory International

Apologies: Councillor Lanchbury, B Priest and Wheeler

RGSC/22/39 Interests

Councillor Joan Davies declared a personal interest in item 5 – Factory International.

RGSC/22/40 Minutes

Decision:

That the minutes of the previous meeting, held on Thursday, 6 September 2022, be approved as a correct record.

RGSC/22/41 Factory International

The Committee considered a report of the Deputy Chief Executive and City Treasurer and the Strategic Director of Growth and Development which provided an update on progress with the delivery of The Factory Arts Centre, progress with the redevelopment of St John's and the preparations for the opening of the building.

Key themes and points in the report included:

- Creative industries are the fastest growing sector in Manchester and the creation of Factory International will sustain and grow this vital sector as well as strengthening Manchester's reputation as a nationally and internationally important centre for culture and creativity;
- Anticipated visitor figures both in a festival year and non-festival year;
- The number of jobs provided by the development of Factory International and St John's Quarter;
- The work of The Factory Academy in providing training and skills;
- Cost pressures facing the project, despite tight management and work to preserve completion dates;
- The total forecast outturn position for the project is a shortfall of £19.7m excluding the acceleration works, additional contingencies and risks;

- The strategic principles underpinning a five-year campaign from 2021 to support projected income targets for commercial sponsorship and philanthropic support;
- Contractual arrangements between the Council and Manchester International Festival;
- Inspiring local communities is central to the vision for Factory International and a creative engagement strategy will be delivered to focus on several workstreams; and
- How Factory International will be environmentally sustainable.

Key points and queries that arose from the committee's discussions included:

- The positive benefits of the project;
- What was meant by 'management contracts';
- Requesting more information on the Kickstart scheme and whether this had started;
- Seeking reassurance that there will be no requirement for future capital expenditure increases for the project, particularly given current price uncertainties;
- Whether officers remained confident that the Factory International remained set to open in June 2023;
- If a broad prediction of income generation from sharing the naming rights to Factory International was available;
- How Factory International would be inclusive and inviting to all residents, given the current cost-of-living crisis;
- If any further requests would be made for central government funding; and
- Requesting clarification on the breakdown of costs that the additional £25 million would be spent on.

The Director of Capital Programmes explained that management contracts consisted of the main contractor acting as an agent for the employer and has responsibility for entering into individual supply chain contracts on the employers behalf as opposed to undertaking construction themselves. The contractor would advise on the programme and costs and manage individual contracts. In this instance, a contractor would have no input into design and the Council employs a separate design team.

The Executive Director of Factory International explained that the Kickstart programme reflected Factory International's continued commitment to providing access for those traditionally socially and culturally excluded from the arts. It will provide hands-on experience and improve confidence needed to get jobs within the cultural sector.

Factory Academy was highlighted as being central to the work of Factory International and has ran for a number of years. Apprenticeships, traineeships and other opportunities were also offered.

The Deputy Chief Executive and City Treasurer acknowledged that the volatility of the current economic climate meant that they were unable to guarantee there would

be no further requests for increased expenditure for the project but advised members that final cost estimates were stable.

Officers were also confident that Factory International would meet its target completion date of June 2023 and members were advised that the Council and partners endeavoured to accelerate works to ensure comfort around the target date.

Much of the committee's discussion focused on naming rights. The Executive Director of Factory International informed members that an initial independent analysis had been undertaken to survey similar venues which have previously secured sponsorship to provide an accurate assessment of the value of naming rights. The valuation for Factory International amounted to £25 million.

Market challenges were acknowledged but were not anticipated to impact fundraising ambitions.

Advanced conversations with leading brands for naming rights had taken place and were being developed. Members were advised that this would be a long-term collaboration and Factory International would seek to meet and exceed its fundraising target through naming rights.

The Statutory Deputy Leader also assured members that he sits on two Ethics Committees – one for Manchester International Festival and one for the Council – which scrutinises potential sponsorship partners to ensure they are appropriate and relevant.

In response to a query regarding how Factory International would appeal to different communities and interests, particularly given the current cost-of-living crisis, the Executive Director of Factory International explained that a broad programme of music, commercial events and free public events would be offered to cater for all interests.

There were also initiatives such as £10 or less tickets for main artistic experiences and consideration was being given to how the space could be used by the public and community groups during the day at low or no cost.

The Leader of the Council explained that the Council had worked closely with the Arts Council and the Department for Digital, Culture, Media and Sports (DCMS) and the Minister for Culture had attended the launch of the programme. Members were also advised that whilst there was currently no indication of additional government funding, the Council would consistently endeavour to secure funding for all cultural programmes.

The Deputy Chief Executive and City Treasurer advised that the report outlined the reasons for all cost increases since the project commenced, including the additional £25 million required. This could be split into work package commitments and the works programme, which are confirmed, and the potential costs until project completion.

In summarising the discussion the Chair emphasised the positive aspects of the project. However, he also noted that there had been a number of previous requests

for additional funding and that since the NTP there had been significant and expensive changes to the design. He expressed the hope that there would be no further requests for additional funding and that the building would open on time in 2023.

Decision:

That the Committee

1. notes the report and
2. endorses the recommendations being made to the Executive.

RGSC/22/42 Our Town Hall Progress Update

The Committee considered a report of the Deputy Chief Executive and City Treasurer which provided an update on the refurbishment and partial restoration of the Town Hall and Albert Square under the Our Town Hall (OTH) project.

Key themes and points in the report included:

- Increase from 74% to 90% cost surety of the project at the end of June 2022;
- Acknowledgement of a very challenging period for the construction industry;
- The Date for completion (25 June 2024) is under review following a series of delay claims from contractors;
- The project cost plan for construction is reporting within budget, but significant risk pressures have arose in the period since Notice to Proceed (NTP), such as the conflict in Ukraine, energy prices and labour and material shortages;
- Progress made with Social Value, with a number of the project's Social Value KPIs already over-delivered;
- The project has been recognised as an exemplar model of construction industry best practice that is delivering first rate quality, opportunities for the people of Manchester and is respectful of the environmental impact construction can have on neighbouring businesses;
- Work under way to develop the operating model for the building, including revenue costs and planned occupants; and
- The Mitigation Action Plan 2021-22 and its focus and outcomes.

Key points and queries that arose from the committee's discussions included:

- How baseline targets for local labour and spend were formulated;
- How the number of apprentices who are Manchester residents could be increased;
- Commending the social value work of the project;
- The current volatility of the construction industry, and how confident officers were that the project could overcome these pressures;
- Plans to showcase the heritage assets within the Town Hall and whether these would be accessible to the public;
- Increasing publicity of the project and works;

- Welcoming the partial reopening of Albert Square, and what the ongoing maintenance arrangements would be;
- Whether the Sculpture Hall inside the Town Hall would be reopened to the public and whether the names of recent Lord Mayors would be incorporated;
- How confident officers were that no further budget increases would be required;
- Whether the project was on-track for completion in 2024;
- Requesting an update on the nesting falcons found in the Town Hall; and
- Clarification on what was meant by the '*Monte Carlo simulation*'.

The Project Director explained that 6-8 months of market testing and a tender engagement process with two shortlisted bidders had been undertaken to test which contractor could provide best value and meet the key performance indicators (KPIs) for local labour and spend. Members were informed that the KPIs were significantly better than anticipated prior to the procurement process.

In response to a query regarding increasing the number of apprentices who are Manchester residents, it was explained that £28 million-worth of works were still to be procured and a social value clause is included in every contract with contractors held to account on this. This would help to increase the number of locally-based apprentices working on the Our Town Hall project.

The Project Director acknowledged that the project was halfway to completion and that a number of things were driving volatility but the project was progressively working towards a level of surety and confidence.

Members were advised that an inventory of heritage assets in the Town Hall had been recorded prior to the works commencing and many of these, such as paintings and furniture, were being stored safely or under conservation and restoration and would be returned to the Town Hall upon its reopening. These would be located around the building and in spaces that are accessible on a day-to-day basis. A visitor experience was also planned for the Town Hall to showcase many exhibits and the history of the building.

The Statutory Deputy Leader highlighted that the Town Hall was the civic heart of Manchester and that the Council had a duty to preserve this and ensure it is accessible to residents.

The Project Director acknowledged the opportunity for more publicity of the project but explained that it could be difficult to communicate with certain communities. As the project progressed, planning was underway for the launch and reopening of the Town Hall and this would increase the amount of publicity.

With regards to the maintenance of Albert Square, Members were advised that there are plans for tree-planting at the appropriate time and installation of street furniture and lighting. A maintenance schedule had been devised for hard finishes and drainage and this forms part of the Council's planning for overall maintenance costs for the Town Hall and Albert Square. No solution had been found to alleviate damage to statues caused by skateboarding but the project team continued to look into this.

Assurances were provided that the only traffic entering the Square would be pre-booked deliveries for businesses and the Town Hall and construction vehicles for events in the Square, such as the Christmas Markets with access and egress controlled.

The Project Director advised the committee that officers have been prudent in identifying potential risks and have assigned financial allowances for contingencies.

It was explained that the *Monte Carlo* simulation is a computer programme that runs 10,000 simulations ranging from low-probability to absolute certainty for individual risks. This then provides cost figures for completion if the unfactored value of 100% of risk is realised and when factored for a more likely position. The Project Director provided assurances that it would be highly unlikely that 100% of risk would be realised.

The Project Director advised that nesting falcons are a protected species and that all work had ceased upon discovery. Access was secured to prevent future nesting and the building was covered in scaffolding and a wrap.

It was confirmed that the project would be delayed beyond June 2024 but it was not yet known when this would be delayed until. Work had been undertaken to mitigate embedded delays and this had been reduced by three months already with officers hopeful of reducing further.

The Statutory Deputy Leader expressed his thanks to officers for their work on the project.

Decision:

That the Committee

1. notes the report;
2. requests that a report on maintenance schedules for public realms be brought to a future meeting; and
3. requests that a further update on the Our Town Hall project be provided in 12 months.

RGSC/22/43 ICT and Digital Strategy

The Committee considered a report of the Deputy Chief Executive and City Treasurer which provided an update on the development of the ICT and Digital Strategy.

Key points and themes in the report included:

- The ICT and Digital Strategy and technology road map are important in the delivery of council priorities to make sure that investment is prioritised and that infrastructure is robust and secure;
- How the Strategy would enable delivery of the next phase of the Future Shape of the Council programme such as
 - Delivering an improved service to our residents and businesses through an implementation of a new Customer relationship Management (CRM) system and website through the Resident and Business Digital Experience Programme.
 - The replacement of the council's main Finance, Procurement and Human Resources system (SAP) which will be at end of life in 2027.
 - Moving away from our current data centres to a hybrid cloud approach
 - Further embedding the systems and processes from the old Northwards Housing organisation into Housing Operations.
- Feedback from consultation undertaken with service users, Directorates and member panels;
- The role of the ICT and Digital Design Authority Board in the implementation of the strategy, its membership and terms of reference; and
- The development of the ICT & Digital Future Operating Model.

The Universal Technology Programme Manager also provided a presentation on the End User Device project at the meeting, which highlighted objectives, outcomes delivered to date, the type of devices deployed and carbon savings.

Key points and queries that arose from the committee's discussion included:

- Commending the comprehensive and well-written report;
- How users are embedded into the project and whether this is stakeholder-led;
- The Digital and ICT Design Authority Board, and whether the Council had considered a more decentralised structure to reduce risk;
- Whether the Strategy would be '*project management-based*' or '*project-based*';
- How the Strategy would reduce carbon output; and
- Device security, and whether increased use of laptops and hybrid working practices would lead to higher risks of data breaches.

The Director of ICT informed members that stakeholder engagement would differ between projects and some would involve consulting with residents. The roll-out of Office 365, which was an internal system, was cited as a positive example of stakeholders with officers and members involved at the earliest opportunity.

The Director of ICT confirmed that the Digital and ICT Design Authority Board was a centralised group and there was no current intention to consider a decentralised approach. It was explained that a centralised approach would help to prioritise and identify areas across the Council service for investment.

In response to whether the projects within the Strategy would be '*project management-based*' or '*project-based*', members were advised that large-scale programmes would be run as projects with an established process for undertaking

these. Product owners would also be identified to own the entire lifecycle and to manage implementation and assess benefits.

The presentation provided by the Universal Technology Programme Manager highlighted that all equipment rolled out as part of the End User Device project was modern and future-proofed to meet or exceed current requirements.

New computer monitors rolled out as part of the End User Device project would help to reduce carbon output by using detection software to dim or switch off when a user was not present. The new monitors also used half the amount of power compared to previous infrastructure.

The Universal Technology Programme Manager explained that these improvements would save 63 tonnes of CO² per year.

Members were advised that all computers are encrypted and an internet connection is required to access any data and files on the Council's network, which mitigated the risk of data breaches if the equipment was lost or stolen.

Assurances were also provided that there had not been any increase in incidents of theft or loss of equipment or any increase in risk or threat of data breaches since the increase of home and hybrid working practices. Officers were provided with locks to secure devices to desks and access to lockers in the Council's offices. Safe bags were also provided to carry equipment to and from the workplace.

Although officers have a personal responsibility to look after Council-owned equipment, it was reiterated that they should surrender the device if they are threatened or at harm.

The Deputy Executive Member for Finance and Resources commented that the Council takes cybersecurity extremely seriously.

Decision:

That the report be noted.

RGSC/22/44 Resident and Business Digital Experience Programme (RBDxP)

The Committee considered a report of the Deputy Chief Executive and City Treasurer which provided an update on the Resident and Business Digital Experience Programme (RBDxP).

The key points and themes within the report included:

- RBDxP forms part of the Future Shape transformation programme which aims to enable the Council to be in the best possible shape to deliver its ambitions whilst meeting external challenges as a result of budget pressures;
- RBDxP will see the replacement of the existing customer relationship management system, content management system (website) and integration layer in one single integrated platform;

- The works will allow the Council's front-facing systems to interact to the benefit of residents and businesses;
- 3 core user groups have been devised, made up of service users, residents and businesses, to help design digital services, support implementation and ensure that solutions meet user requirements and accessibility needs;
- Key progress of the programme to date; and
- Next steps and an indicative implementation plan.

The Programme Manager also provided a presentation at the meeting, which highlighted objectives, examples of improvements, progress to date, the engagement approach and next steps.

Key points and queries that arose from the committee's discussion included:

- Reiterating the importance of co-designing the system with users;
- How the new system would improve usability and what benefits it will provide residents;
- The work that core user groups would be involved in and what this would entail;
- How the Council could reduce the number of digitally-excluded residents; and
- Welcoming the Technology and Implementation Partner which the Council has contracted to support the programme; and
- Whether the Council was confident that the Technology and Implementation Partner was a suitably sized organisation to work with.

The Programme Manager acknowledged that the current services were fragmented and users had to login multiple times to reach Council services. RBDxP would create a single system for data to be held in and this would allow future works to offer richer services to residents and business and to identify trends in what services customers are accessing through the Council's website. It would also enable the Council to react quicker to changes.

The Head of Revenues, Benefits and Customer Service explained that feedback from engagement sessions with members and residents had been incorporated into the aims of RBDxP. Suggestions which the Council was looking to enable included uploading photographs when reporting issues and reporting on behalf of someone else and being informed of outcomes.

The Deputy Member for Finance and Resources also advised that the programme would enable the growth of the Council's in-house digital expertise.

In response to a query regarding the work of the core user groups and what this would entail, members were informed that respective Neighbourhood Area Managers would advise members in their neighbourhood meetings on what this work involved.

The Digital Social Inclusion Lead informed the Committee that there was an estimated decrease in the number of digitally-excluded residents since 2019 but a widening skills gap was acknowledged. The Digital Social Inclusion team was working closely with the ICT team to ensure that service design meets the needs of those digitally-excluded.

The Digital Social Inclusion Lead also expressed a desire to work with voluntary and community sector organisations to help those who are less likely to seek out digital inclusion opportunities.

It was also highlighted that RBDxP would improve service delivery through traditional routes and channels such as telephony as a result of staff delivering services via these channels using the new and improved technology introduced as part of the programme. A recent example of new technology improving service provision through the telephony access channel was the option to request a call back from the customer service centre without having to wait on the line.

The Programme Manager expressed confidence that the Technology and Implementation Partner organisation was suitably sized to work with the Council and that this allows them to meet the needs of Manchester City Council compared to other, larger tenders who were inflexible to the Council's requirements.

The Deputy Executive Member for Finance and Resources expressed his thanks to the presenting officers and to those in the customer service centre who provide advice and help for Manchester residents.

The Executive Member for Finance and Resources commented that ICT is one of the Council's most complex services which undertakes transformative work to provide residents and businesses with a seamless digital experience. He expressed his thanks to the Deputy Executive Member and officers and wished them luck with the further rollout of the programme.

Decision:

That the report be noted.

RGSC/22/45 Budget Process and Revenue Budget Update 2023/24 to 2025/26

The Committee considered a report of the Deputy Chief Executive and City Treasurer which provided a summary of the impact on revenue budget position following recent government announcements and the proposed budget process for the update of the Medium-Term Financial Plan and Capital Strategy.

The key points and themes within the report included:

- An overview of government's recent budget announcements;
- Expectations of the government's Medium-Term Fiscal Plan, which is scheduled to be announced on or around 23 November 2022;
- The deferral of the Spending Review (SR) and indications that the Fair Funding review of how local government funding is allocated will not happen during the current SR period;
- The unlikelihood that there will be resources to cover the cost of the inflationary increases and pay awards which amounts to an additional £42 million to be funded for Manchester City Council;

- The Adult Social Care Discharge Fund, which can be used flexibly by local health and care systems to improve pathways for people to leave hospital when they are ready;
- A part year cost reduction in 2022/23 of £0.6 million as a result of no longer requiring the £1.5 million which was added to directorate budgets to fund the employer contribution to National Insurance due to reductions in this;
- The impact of the energy price cap on the Council's utilities contracts is being assessed but initial indications are that this will reduce the 2022/23 electricity costs by an estimated £2.4 million; and
- A full budget update and an overview of the savings and cuts options under development will be presented to the Resources and Scrutiny Committee on 8 November 2022.

The key points and queries that arose from the committee's discussion included:

- Recognising the announcement of the government's Medium-Term Financial Statement has been brought forward, and
- Commending officers for their work in extremely challenging circumstances.

The Executive Member for Finance and Resources commented that the Council would continue to lobby government for fair funding for local authorities. This was vital to the delivery of services and to protecting the most vulnerable members of society.

It was also stated that 1-year Government Finance Settlements did not provide certainty and prevented forward planning.

The Deputy Chief Executive and City Treasurer stated that the Council's budget process would continue as planned and it was likely that further options for budgetary cuts would have to be considered.

It was also anticipated that the Government Finance Settlement would be received later than usual.

In summarising, the Chair wished officers luck going forwards.

Decision:

That the report be noted.

RGSC/22/46 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.

Decision:

That the Committee note the report and agree the work programme.