

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Monday, 27 February 2023

Present:

Councillor Simcock (Chair) – in the Chair
Councillors Andrews, Good, Lanchbury, Rowles and Wheeler

Also present:

Councillor Craig, Leader of the Council
Councillor Midgley, Deputy Leader of the Council
Councillor Rahman, Statutory Deputy Leader
Councillor Akbar, Executive Member for Finance and Resources
Councillor Bridges, Executive Member for Early Years, Children and Young People
Councillor Hacking, Executive Member for Skills, Employment and Leisure
Councillor Igbon, Executive Member for Vibrant Neighbourhoods
Councillor T Robinson, Executive Member for Healthy Manchester and Adult Social Care
Councillor White, Executive Member for Housing and Development
Councillor Foley, Deputy Executive Member for Environment and Transport
Councillor Stanton, Deputy Executive Member for Finance and Resources
Councillor Leech, Leader of the Lib Dem Group
Councillor Reid, Chair of the Children and Young People's Scrutiny Committee

Apologies: Councillors Davies, Kirkpatrick and B Priest

RGSC/23/13 The Council's Budget 2023/24

The committee considered reports of 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 Executive Member for Finance and Resources on the Executive's budget proposals and the key issues underlying the budget process. He stated that the budget setting process was not easy, particularly given the austerity measures introduced by the 2010 Conservative-Liberal Democrat coalition government and sustained by subsequent Conservative governments. He explained that Manchester City Council had lost £428million from its budget and witnessed a 3.1% decrease in spending power as a result of this, which was disproportionate to the average across English local authorities. He stated that the Local Government Finance Settlement was better than anticipated but meant that tough financial decisions and cuts were deferred until 2025 and that the government assumed that all local authorities would increase council tax by 4.99%, which was not undertaken lightly by Manchester. He explained that the Council was still anticipating £36.2million of budget cuts between 2023 and 2026 and a £57million

budget gap in 2025/26. This would reduce to a gap of £40million after the use of reserves.

He stated that the Council would continue to invest in adult social care and the additional income generated from the 2% precept for adult social care would be used to strengthen the social care market. Investment was also being funded into Making Manchester Fairer, Children's Services, Youth Services, homelessness, building more affordable homes and addressing climate change. He expressed that the proposed budget helped those most in need during the cost-of-living crisis, used reserves prudently and ensured forward planning to sustain essential services for residents.

The committee received a statement from the Leader of the Council on the Executive's budget proposals. She reiterated that the Council did not wish to be in circumstances of having to increase council tax by 4.99% and stated that the Council was forced into the situation due to government expectations. She explained that the budget demonstrated the serious approach taken to the cost-of-living crisis and focused on mitigating the impact of 13 years of austerity and taking a preventative approach to the issues facing residents. She explained that the budget would protect vulnerable residents; ensure that Council services function well; deliver clean, green streets; provide opportunities for young people; and plan for the future to ensure sustainable reserves to mitigate the impacts of future Local Government Finance Settlements.

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

The Chair then invited Chairs of other Scrutiny Committees to highlight issues arising from individual directorate budget plans. In doing so, the Chair of Children and Young People's Scrutiny Committee expressed her anger at central government and their decisions and the impact this had on Manchester residents. She commended the progress made within the Children's Services directorate and acknowledged more could be done if the government provided the appropriate level of funding.

The Chair then invited questions from the committee on the Budget Consultation Outcomes report and the Budget 2023/24 Anti-Poverty and Equalities Impact Assessment report. The following queries and key points were raised:

- Expressing thanks to the Head of Strategic Communications and his team for their work on the budget consultation;
- Noting that the majority of respondents were opposed to increasing council tax, largely due to the impact of the cost-of-living crisis;
- Noting that the Council would ideally not raise any additional income from increasing council tax charges on empty properties as it would lead to a behaviour change and increase the number of properties available in Manchester; and

- Which wards made up the 11 priority wards that received targeted investment and support due to the impacts of the cost-of-living crisis.

The Head of Strategic Communications advised the committee that two consultations had been undertaken – the first for 8 weeks before Christmas 2022 on the initial proposed council tax increase and the second for 4 weeks until early February on the amended proposals following receipt of the Finance Settlement. He highlighted that the second consultation also sought responses to the proposed increase to Empty Property Premiums and information as to whether a respondent was a property owner, tenant or landlord was also requested. He also stated that significant work had been undertaken to ensure the whole city had an opportunity to contribute to the consultation.

The City Solicitor explained that the Council took a cross-cutting approach to tackling poverty and inequalities. She advised that the template for Equality Impact Assessments had been streamlined and could be amended continuously. She highlighted the recent appointment of a joint Equalities Lead across the Council and NHS, which helped to address and tackle inequalities.

The Director of Inclusive Economy advised that the 11 priority wards included Miles Platting and Newton Heath; Harpurhey; Clayton and Openshaw; Crumpsall, Woodhouse Park; Sharston; Cheetham; Longsight; Moss Side; Levenshulme; and Gorton and Abbey Hey.

The committee then received a statement from the Executive Member for Housing and Development regarding the Housing Revenue Account (HRA) calculations for 2023/24-2025/26 and its use. He stated that the HRA needed to balance over a 30-year period and the government had capped the rent increase for social housing, with the exception of Private Finance Initiative (PFI) properties, at 7% for 2023/24. He acknowledged the challenges that this increase could cause for some tenants, particularly given the cost-of-living crisis and increase in council tax but highlighted the support available to tenants and residents. This included a £1million hardship fund, which had been increased significantly to mitigate the impacts of the cost-of-living crisis and rent increase and would be targeted at those most in need and those not in receipt of housing benefit.

The Executive Member for Housing and Development also explained that there would be an increase in heating charges in April 2023 as a result of rising energy costs in the previous 18 months. This would be reviewed quarterly and adjusted in line with any change to the Ofgem price cap.

Noting that an amendment to the budget had not been received from the Green Party as the main opposition group, the Chair next invited Councillor Leech to present his budget amendment. In doing so, he proposed the following:

1. To allocate a budget of £900,000 to enable the Council to deliver a Council Tax rebate to Manchester residents in receipt of the maximum Council Tax support equivalent to increasing the maximum support from 82.5% to 85%; to be funded through the transfer from the General Fund Reserve.
2. To allocate a budget of £1,000,000 to invest additional resources into highways maintenance, to tackle the backlog of road and pavement repairs and gully repairs, to save money on future accident trip claims and to reduce the ongoing day to day maintenance costs on gully clearing and repairs; to be funded from the Budget Smoothing Reserve.

All proposals in this amendment were spending commitments for 2023/2024 only.

A query on the amendment was raised by the committee regarding the impact of the backlog of road, pavement and gully repairs on residents and why this was a focal point of the amendment. In response, Councillor Leech explained that it was impossible to ascertain how many trip claims could be made against the Council in any given year but that the amendment proposed would mitigate the risk of this by facilitating the expected level of performance in relation to repairs.

The Chair then invited the Executive Member for Finance and Resources to comment on the proposed amendment from Councillor Leech. He accepted the motivations behind the amended proposal to increase the maximum council tax support but commented that around 32,000 households were in receipt of council tax support and would receive a £25 reduction at the point of billing. He stated that the Council was also reviewing the option to increase the maximum council tax support from 82.5% from 2024 and additional funds had been allocated for this year to help those in need of support, including for food and welfare provisions and the cost-of-living and debt advice lines.

He commented that reserves should be used as a last resort where no alternative funding sources were available and highlighted that £15million was being allocated to the Highways service. He stated that progress had been made on the backlog of pothole repairs, with this expected to be fully cleared by summer 2023, and the number of trip claims had reduced. He expressed his view that there was adequate investment and funding for the Highways service to reduce backlogs and mitigate challenges.

The Leader of the Council emphasised the need to be cautious with the use of reserves and commented that a financially prudent approach to the budget had been taken for 2023/24 in order to mitigate the risks anticipated in years 2 and 3 of the budget, where there was a significant funding gap. She also highlighted issues with providing one-off funding and support to residents as this could detrimentally impact any benefits thresholds and eligibility.

Decisions:

That the Resources and Governance Scrutiny Committee

1. endorses the budget proposals as presented for approval by Full Council at its meeting on 3 March 2023; and
2. recommends that Council does not agree to the amendment proposed by Councillor Leech.