

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Thursday, 11 January 2024

Present:

Councillor Simcock (Chair) – in the Chair
Councillors Andrews, Connolly, Davies, Evans, Kilpatrick, Kirkpatrick, Lanchbury, Rowles and Wheeler

Also present:

Councillor Midgley, Deputy Leader
Councillor Akbar, Executive Member for Finance and Resources
Councillor White, Executive Member for Housing and Development
Richard Dunbar, Debt Justice
Alison Aitken, ACORN

Apologies: Councillors Brickell and Stogia

RGSC/24/1 Interests

Councillor Connolly declared a personal interest in item 14 – Commercial Activity, Investments and Governance (Part B).

RGSC/24/2 Minutes

In approving the minutes, a member requested further information on the number of council-owned properties which were undergoing work or refurbishment and not officially classed as empty.

It was also clarified under minute RGSC/23/70 that a member had highlighted that there would be a discrepancy between the Real Living Wage and the National Living Wage once the latter was increased in April 2024 and that the Council needed to explore this in order to retain its accreditation as a Real Living Wage employer.

Decision:

That the minutes of the meeting held on 7 December 2023 be approved as a correct record and that the clarification above be noted.

RGSC/24/3 Increasing Council Tax Premiums on Empty Properties

The committee considered a report of the Head of Corporate Revenues which provided an overview of and update on new powers provided by legislation to increase the Council Tax on empty properties.

Key points and themes within the report included:

- New powers under the Levelling Up and Regeneration Act 2023 stipulated that:
 - Empty, unfurnished properties would pay the 100% long term empty premium after one year instead of two years from 1 April 2024.
 - Empty, furnished properties would pay up to a 100% premium from the date that they became empty from 1 April 2025.
- Consultation on these proposals was undertaken as part of the 2023 budget consultation;
- The financial implications of applying the premium;
- Safeguards in place, such as the Discretionary Council Tax Payment scheme; and
- A further report would be brought to Resources and Governance Scrutiny Committee and Executive in advance of introducing the new policy for empty and furnished properties from 1 April 2025.

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

- If the Council collected council tax on properties that were empty whilst under probate and, if so, whether any discretion could be applied in such circumstances;
- Whether modelling had been undertaken of the anticipated savings as a result of increasing the premium; and
- How the new powers would drive behaviour change from owners of empty properties.

The Executive Member for Finance and Resources introduced the report and explained that the Levelling Up and Regeneration Act 2023 had been delayed and was passed in late October 2023. He stated that the increased premiums would bring in much-needed revenue for Manchester and that it enabled the Council to encourage homeowners to bring empty properties onto the market much sooner which would help to address the challenge of the housing crisis.

The Head of Corporate Revenues advised the committee that the changes would hopefully lead to behavioural change from owners of empty properties and explained that these premiums did not apply to empty properties of Registered Social Landlords. He also explained that guidelines were expected from the government which could inform the approach to empty properties which were for sale and rental properties vacant between tenancies. The committee was also informed that the New Homes Bonus applied to each empty, unfurnished property that was brought back onto the market.

In response to members' queries regarding empty properties under probate, the Head of Corporate Revenues advised that there were specific rules in these circumstances and that these tended to be exempt from the premium until probate

was awarded. Further information on this would be shared with members following the meeting.

The Deputy Chief Executive and City Treasurer reiterated the importance of behaviour change as a result of the increased premium and the number of empty properties brought back into use would be monitored.

The Head of Corporate Revenues clarified that a behaviour change would involve empty property owners reletting properties and reducing the small number of 'phantom tenancies'.

Decision:

That the committee endorse the recommendations to the Executive.

RGSC/24/4 Anti-Poverty Budget Options

The committee considered a report of the Deputy Chief Executive and City Treasurer which identified the current budgets and support that the Council provided in delivering its Anti-Poverty measures, offered options for future Anti-Poverty provision and provided a suggested framework for describing ongoing Anti-Poverty provision and expected outcomes.

Key points and themes within the report included:

- Providing an introduction and background to anti-poverty support measures;
- The work of Making Manchester Fairer and the Anti-Poverty Strategy;
- Anti-poverty budgets for 2023/24;
- Measures such as Council Tax Support, the Household Support Fund (HSF) and the Residents at Risk Cost of Living Group;
- Framework and options for 2024/25;
- Recommendations for the anti-poverty budget allocation; and
- The range of households supported by HSF and the projected spend at 31 March 2024.

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

- Noting the likely end of HSF and the importance of communicating this to residents in a timely manner;
- When an announcement on Local Housing Allowance was expected;
- Querying the £968k underspend in the Cost-of-Living budget for 2023/24 and why residents were not presenting for support when needed;
- Whether more work was needed with sector organisations to promote the Discretionary Council Tax Support Payment scheme; and

- Whether targeted support could be provided to those in receipt of free school meals and the holiday activities programme in the event that HSF did not continue.

The Deputy Leader introduced the report and explained that it highlighted the Council's current anti-poverty spending and options for the future. She stated that this was a complex area and thanked officers for their work. She recognised that the cost-of-living crisis was ongoing and that residents were still feeling the impacts of this, with the Council prioritising support for residents whilst facing its own budgetary pressures. She expressed her concern that the government had not provided any indication that HSF would continue after March 2024, noting that this fund was vital to residents and in funding the Council's free school meals and holiday activities programme.

The Head of Revenues, Benefits and Customer Services echoed concerns over the end of HSF and explained that 50% of the HSF budget was maintained for free school meal provisions in school holidays. He informed the committee that the Council would face a reduction of around £4.9m in resources if HSF was discontinued.

In response to members' points and queries on HSF, the Executive Member for Finance and Resources stated that the Leader of the Council was working with the Local Government Association (LGA) on this, and that Manchester MPs were going to table an item in Parliament to encourage the continuation of support. The Deputy Chief Executive and City Treasurer recognised the significant impact of the discontinuation of HSF and stated that officers had begun to look at budget options in the event that HSF was continued.

The Head of Revenues, Benefits and Customer Services emphasised that officers had started to model the impact of receiving a similar or reduced level of HSF and that they would continue to work closely with colleagues in the Communications team to inform residents of the support available.

The Head of Corporate Assessments informed the committee that indicative figures on the Local Housing Allowance had been received that week which suggested substantial increases. He stated that this was encouraging and had been welcomed by the Homelessness service as a move in the right direction. He noted that there would remain a gap between the LHA and rent prices but stated that the rise would moderate demand for Discretionary Housing Payments.

The Deputy Chief Executive and City Treasurer explained that indicative LHA rates had increased to the thirtieth percentile of market rent prices and that further information would be shared when available.

The Head of Corporate Assessments explained that a lot of work had been undertaken in the previous 12 months to ensure an effective focus on the private rented sector. He explained that there had been an increase in demand for

Discretionary Housing Payments (DHP) within the social landlord and private rented sectors over a number of years. He stated that DHP was designed to provide short-term support for residents and that the Council sought to be creative in finding ways to maximise support. He recognised that communications would not reach every resident but that there was clear communication about the scheme. The committee was informed that the move to Universal Credit provided an added complexity, and it was recognised that more work was needed, particularly with colleagues in Neighbourhoods to raise awareness of the support available.

It was also acknowledged that communications about Discretionary Council Tax Payments would need to be shared imminently.

In response to a query regarding the possibility of providing targeted support to those in receipt of free school meals and the holiday activities programme, the Head of Corporate Assessments advised that the free school meals programme included a significant number of children and that providing targeted individual support would result in small payments that would have minimal impact. He emphasised that there were a number of support schemes available to those presenting in need, such as the Welfare Provision Fund and Section 17 payments. The committee was also advised that the Council would continue to provide free school meals during the Easter 2024 holiday because of when it fell in the calendar year.

Members were informed that any additional funding would be announced on 6 March 2024 in the Chancellor's next financial statement.

In summarising, the Executive Member thanked officers for their work, particularly those who delivered the HSF programmes, and the Chair echoed these sentiments on behalf of the committee.

Decision:

That the report be noted.

RGSC/24/5 Changes to Council Tax Support Scheme from April 2024

The committee considered a report of the Deputy Chief Executive and City Treasurer which proposed changes to the Council's Council Tax Support Scheme for Executive approval.

Key points and themes within the report included:

- The proposed change would mean that the Council Tax Support Scheme would pay up to 85% of the Council Tax bill leaving 15% to pay, compared to the current scheme of which paid up to 82.5% of the Council Tax bill leaving 17.5% to pay;
- It was also proposed to extend the CTS backdating period for working-age claims from 6 months to 12 months;

- A background to council tax in Manchester, including current and previous schemes;
- Costs of the proposed changes; and
- The approach, content and outcome of the consultation with precepting authorities.

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

- Welcoming the proposals and recognising the positive outcomes of the public consultation;
- Whether there was any aspirations to amend the CTSS to pay up to 100% of council tax;
- Whether costs of backdating council tax arrears were factored into the new proposals;
- That CTSS only applied to the Council's portion of council tax and not precepting authorities and whether residents would still benefit; and
- The need for communication to make new Universal Credit claimants aware that they can apply for CTS.

The Executive Member for Finance and Resources introduced the report and highlighted that the Council had committed to supporting residents through the cost-of-living crisis. He recognised that, whilst inflation rates were easing, residents continued to feel the impact of this. He explained that extending the backdating period would help to clear more council tax arrears for those facing financial difficulty.

The Head of Corporate Assessments reiterated that the proposals had been subject to a public consultation and an Equality Impact Assessment, which supported the recommendations of the report.

The Deputy Chief Executive and City Treasurer advised that the service had many aspirations but there was a need to balance affordability. There was a current focus on increasing investment into council tax support whilst protecting measures such as breathing space and debt collection.

With regards the backdating, the Head of Corporate Assessment explained that a review of backdating spend in the previous year had been undertaken but noted that it was difficult to model this with confidence because many cases did not require backdating for a full 12 months. He stated that the biggest benefit would be the ability to respond to cases where a resident had not claimed CTS when it was needed.

The Deputy Chief Executive and City Treasurer explained that the Council had not modelled the wider impact of CTS as it did not want to pre-empt any preceptor decisions of other authorities, such as Greater Manchester Combined Authority. It was confirmed that the Budget report for consideration in February would include a breakdown of council tax by precept and what this would mean for residents, including those on CTS.

In response to a point about communication, the Head of Corporate Assessments recognised the importance of ensuring that eligible residents received CTS and stated that this would be raised with the Department for Work and Pensions (DWP) as the first point of contact for Universal Credit claimants.

Decision:

That the committee endorses the recommendations to the Executive.

RGSC/24/6 Feasibility Study into Ending the Use of Enforcement Agents

The committee considered a report of the Deputy Chief Executive and City Treasurer which presented a feasibility study into whether the use of Enforcement Agents (EAs), also known as bailiffs, was an effective or proportionate method of collecting debt, following representations made by ACORN and Debt Justice at the committee's meeting on 7 September 2024.

Key points and themes within the report included:

- The use of EAs remained widespread across the UK, with all of the five most deprived Council areas in England, of which Manchester was one, referring cases to EAs where residents do not engage and all Greater Manchester Councils using EAs to recover Council Tax debt, with two GM authorities having an in-house team for this;
- Improved regulation of the EA industry since 2014;
- Considerable investment and improvements into debt collection practice and engagement with residents;
- Recovery processes prior to an EA visit;
- The importance of Council Tax to the Council;
- Representations from ACORN, with a response from the Council, and Debt Justice;
- Representation from the Civil Enforcement Association (CIVEA) in response to ACORN and Debt Justice;
- Representation from Citizens Advice Manchester; and
- Examples of the revised reminder and recovery letters sent to residents.

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

- Welcoming the recommendations;
- Recognising the impact that losing 1% of council tax had on the Council's overall budget, but also recognising the cost of stress and health concerns arising from an EA visit;
- Acknowledging the dialogue between the Council, ACORN and Debt Justice; and

- If residents were still able to apply for Discretionary Council Tax Payments if they had a case passed to EAs in the past.

The Executive Member for Finance and Resources introduced the report and explained that the use of EAs was a last resort. He stated that the report highlighted the Council's work over the last 18 years to ensure a reduction in the number of cases passed onto EAs and that the feasibility study had provided an opportunity to learn the experiences of other authorities and to examine the code of conduct for EAs. He thanked the organisations that provided representations and stated that council tax amounted to 30% of the Council's revenue budget and funded key services such as Children's and Adults Social Care. He stated that a 1% reduction in the amount of council tax collected would equate to a loss of £2.73m in revenue, which the Council could not afford against a backdrop of government budget cuts.

The Chair acknowledged the cooperation of ACORN, Debt Justice and Citizens' Advice in the preparation of the report and stated that their contributions had influenced the Council's approach to the collection of Council Tax, for example, in the rewording of the various letters that were sent to residents where Council Tax was overdue.

The Head of Revenues, Benefits and Customer Services echoed thanks to ACORN and Debt Justice and stated that reducing the number of cases passed to EAs was a key priority and achievement of the service. He highlighted policy changes and work to encourage residents to contact the Council as soon as possible if they struggled to pay their council tax. This included writing off costs for those who engaged with the Council, creating longer payment arrangements, allowing breathing space for arrears payment and the Discretionary Council Tax Payment scheme.

The Chair invited Richard Dunbar of Debt Justice to address the committee. Richard advised that his organisation welcomed the recommendation before the committee and acknowledged the financial challenges facing local authorities like Manchester. However, he stated that the knock-on effect of receiving a visit from an enforcement agent equated to costs of £6m to mental health services. He stated that the Ministry of Justice planned to increase enforcement fees by 5% which he believed would create a commercial incentive for EAs to collect debt to the detriment of residents. He called on the committee to amend the motion before them to recommend that it was not appropriate for any case where the resident was eligible for any level CTS to be referred to EAs and agrees that recovery via an attachment of benefits is more appropriate, including for those currently in receipt of maximum CTS.

The Chair sought officers' views on the suggested recommendation. The Head of Corporate Revenues stated that he was largely in agreement with the amendment but that it would need to be looked at in more detail. The Deputy Chief Executive and City Treasurer concurred with this and stated that a final approval could be sought through the budget-setting.

The committee also received a verbal representation from Alison Aitken of ACORN.

In response to a comment regarding the lateness of the report, the City Solicitor agreed that it was important for reports to be received promptly and she advised that this report was being finalised up until the point of publication. The Executive Member for Finance and Resources highlighted that late reports were not out of the ordinary and that this report had been impacted by the lateness of the Provisional Local Government Finance Settlement, which meant that additional work was required to ensure the figures in the report were accurate.

Confirmation was also provided that a person was still able to apply for Discretionary Council Tax Payments if they had a case passed to EAs against them in the past.

The Head of Corporate Revenues emphasised the need for residents who may be struggling to pay to engage with the Council, who could signpost to any available support. He stated that leaflets had been created to promote this and were available for members of the committee to take away and share with their communities.

The committee was also advised that the Council monitored complaints about EAs closely and a mapping exercise of enforcement agents' behaviour against the Council's code of practice had been implemented. The Head of Corporate Revenues also asked ACORN to encourage their members to report any instances of poor conduct amongst EAs as this would drive improvement.

In response to comments regarding rising enforcement fees, members were informed that fees were to be increased for the first time since 2014.

The Deputy Chief Executive and City Treasurer welcomed the ongoing dialogue with ACORN and Debt Justice and expressed her thanks to officers for their valuable work. She emphasised the importance of revenue generated through council tax and highlighted that some of those refusing to pay council tax could afford to do so.

The Chair stated the recommendation before the Committee was to continue with the use of EAs, which he felt only fair to the vast majority of Manchester residents who paid their Council Tax bills without the need for any enforcement. He highlighted that the Council's use of enforcement agents had reduced significantly over the last few years and that there was extensive support available for those least able to pay. He also stated that EAs mainly focused on those residents who simply refused to engage in any discussion regarding payment of their Council Tax, which included a significant number of residents on salaries in excess of £40k per annum.

Decision:

That the committee

- notes the contents of the report and thanks ACORN, Debt Justice and Citizens Advice Manchester (CAM) for their challenge and contributions;

- notes 1% drop in the in-year collection rate of Council Tax represents a reduction of £2.73 million in the Council's revenue;
- the committee recommends that the City Council continues to use EAs in the collection of Council Tax against individual residents;
- recommends that it is not appropriate for any case where the resident is eligible for CTS to be referred to EAs and agrees that recovery via an attachment of benefits is more appropriate, including for those currently in receipt of maximum CTS;
- recommends that further consideration is given to implementing the recommendations made by CAM;
- recommends that the Council continues to review its use of Enforcement Agents in the recovery of Council Tax debt and monitors any other solutions employed by other authorities; and
- recommends that the Council continues to participate in any consultation undertaken with regards to the regulations governing Council Tax.

RGSC/24/7 Provisional Local Government Finance Settlement 2024/25 and Budget Assumptions

The committee considered a report of the Deputy Chief Executive and City Treasurer which provided an update on the main announcements from the Provisional Local Government Finance Settlement 2023/24 which was announced on 18 December 2023.

Key points and themes within the report included:

- Providing an introduction and background to the Finance Settlement;
- Manchester's Core Spending Power (CSP) would increase by £41million;
- Changes to business rates, including the introduction of a standard business rating multiplier;
- Retail, Hospitality and Leisure Relief and the New Homes Bonus would continue for a further year;
- Social Care grants were largely in line with expectations;
- The Services Grant had been cut by 84%;
- Implications of these announcements on the Council's budget; and
- Next steps and conclusions.

The Executive Member for Finance and Resources introduced the item and explained that the Provisional Local Government Finance Settlement was received late and worse than the Council had anticipated. He stated that the potential budget gap for 2024/25 had increased to c. £5million, compared to a £1.6m gap which was previously expected. He noted that in-year pressures, particularly around Adult Social Care, meant that the Council was increasingly reliant on the use of reserves. He highlighted that the Provisional Finance Settlement allocated some extra monies for adult social care and public health but that this did not go far enough to compensate for the reduction of the Service Grant.

He recognised that several local authorities in England had served Section 114 notices and stated that the Local Government Association was monitoring other authorities at risk of this due to pressures felt by councils nationally and in the context of 14 years of government-imposed austerity. He stated that the Council would continue to lobby government and identify the most efficient way to maximise resources and he expressed his desire for a change in government.

The Deputy Chief Executive and City Treasurer reiterated the disappointing outcome of the Settlement but stated that officers were focused on next steps in the budget process. She advised that some funding rebates were expected from GMCA and work was ongoing to identify ways to close the budget gap. She expressed her confidence that a balanced budget for 2024/25 would be proposed for consideration by the committee in February.

In discussing the item, a member highlighted the cumulative budget cuts to the Council since the beginning of austerity measures and the impact of this.

Decision:

That the committee endorses the recommendations to the Executive.

RGSC/24/8 Sales, Fees and Charges - Budget 2024/25

The committee considered a report of the Deputy Chief Executive and City Treasurer which provided an update on the current work being undertaken to review all sales, fees and charges as part of the 2024/25 budget process to ensure that charges were correct, that the costs of providing the services were recovered, and to identify opportunities for increasing existing budgets in order to support the overall Council 2024/25 budget.

Key points and themes within the report included:

- Providing an overview of sales, fees and charges in the current financial year;
- The review process and proposed price increases for 2024/25 by service;
- £1m of additional income budgets as a result of this exercise would contribute to achieving a balanced budget; and
- Future opportunities and risks.

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

- Noting that some charges, particularly in bereavement services, were to be confirmed but should not be increased significantly;
- Charges to residents who sell a property of which the Council was the freeholder;
- Suggesting that the £0.674m shortfall from off street car park charges should not be marked as green in the RAG rating in the budget papers; and

- The waste and pest control fees, which were still to be agreed, and whether these would be increased by 5%.

The Deputy City Treasurer explained that the report aimed to provide greater transparency and visibility of the Council's sales, fees and charges. He stated that these fees were increased to support service delivery and this was important given the financial pressures facing the authority.

The Head of Finance (Corporate Core, Neighbourhoods, Growth and Development) explained that a review of sales, fees and charges formed part of the overall budget-setting process and highlighted that income generation could be variable and impacted by factors outside of the Council's control. He stated that the review had assessed the Council's income budget in addition to existing prices and activity levels and tried to identify future prices against a backdrop of the ongoing cost-of-living crisis. He advised that work was ongoing in some services to assess the impact of fee increases and that this would form part of the final budget proposals for consideration in February.

In response to members' queries, the Head of Finance (Corporate Core, Neighbourhoods, Growth and Development) reiterated that work on fee increases for bereavement services was ongoing and that the service was assessing the implications of activity levels and demand in addition to prices. This would be confirmed in the budget paper in February.

The Head of Finance (Corporate Core, Neighbourhoods, Growth and Development) confirmed that charges for buying a freehold from the Council were included under the wider investment estate. He stated that the Growth and Development directorate had a wider Estates service with a wide-reaching remit over building leases, rentals, assets and freehold payments. The Strategic Lead (Development) explained that these payments related to consent or fees for profession work and no income was derived from the sale of a property.

In response to a comment about the RAG rating for car park underspends, the Deputy City Treasurer acknowledged this and explained that car park usage had increased in recent months despite changes in working habits.

The Head of Finance (Corporate Core, Neighbourhoods, Growth and Development) confirmed that a decision was still to be made on waste and pest control fees but this would be increased up to a maximum of 5%.

The committee was also advised that, going forwards, a detailed report on sales, fees and charges would be provided on annual basis as part of the budget-setting process, which members welcomed.

Decision:

That the report be noted.

RGSC/24/9 Overview Report

The committee received a report of the Governance and Scrutiny Support Unit which provided details of key decisions that fell within the Committee's remit and items for information previously requested by the Committee. The report also included the Committee's work programme, which the Committee was asked to amend as appropriate and agree.

Decision:

That the report be noted.

RGSC/24/10 Commercial Activity, Investments and Governance (Part A)

The committee considered a report of the Deputy Chief Executive and City Treasurer which provided an overview of the governance and assurance activity which took place before, during and post completion of the Council's commercial transactions.

Key points and themes within the report included:

- Providing an introduction and background to the Council's commercial activity;
- The work of the Commercial Board, including directorship training and the Due Diligence Framework;
- The regulation of commercial activity;
- Public Interest and Best Value Reports; and
- Risk management.

The Head of Commercial Governance, Assurance and Initiatives stated that commercial governance was more important than ever given the budgetary and regulatory context that local authorities were operating in. She stated that Manchester City Council had established a robust, transparent and accountable structure to ensure appropriate oversight, monitoring and reporting of its commercial portfolio.

In response to a member's query regarding reported high energy costs facing the Council, the Head of Commercial Governance, Assurance and Initiatives explained that steps had recently been taken to provide security through green energy and budgetary benefits through the Power Purchase Agreement, which was approved by Executive in December 2023. She also confirmed that a full response had been provided to Manchester Evening News' enquiry about high energy costs.

The Deputy Chief Executive and City Treasurer explained that figures on energy costs initially included VAT which had been claimed back. She highlighted that the Council had retendered its energy contracts at the start of the war in Ukraine and that the budget proposals showed significant savings as a result of the retendered electricity contract and the gas contracts would be in a similar position soon.

Decision:

That the report be noted.

RGSC/24/11 Exclusion of Press and Public

Decision:

That the press and public be excluded during consideration of the following item which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighed the public interest in disclosing the information.

RGSC/24/12 Commercial Activity, Investments and Governance (Part B)

The committee considered a confidential report of the Deputy Chief Executive and City Treasurer which provided further detail to the Part A report on the Council's commercial activities, including, but not limited to, provision of loans to third parties, Joint Ventures, investments into a range of initiatives and property transactions.

The committee discussed the structure, financing, and terms of these arrangements. As part of these discussions, a further report on Manchester Life was requested and officers endeavoured to bring this to the committee in the new municipal year.

Decision:

That the report be noted.