

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Monday, 26 February 2024

Present:

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

Also present:

Councillor Craig, Leader of the Council
Councillor Rahman, Statutory Deputy Leader
Councillor Midgley, 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 Rawlins, Executive Member for Environment and Transport
Councillor T Robinson, Executive Member for Healthy Manchester and Adult Social Care
Councillor White, Executive Member for Housing and Development
Councillor Hitchen, Chair of the Communities and Equalities Scrutiny Committee
Councillor Reid, Chair of the Children and Young People Scrutiny Committee
Councillor Leech

Apologies: Councillor Wheeler

RGSC/24/21 Interests

Councillor Connolly declared a personal interest in item 5k.

RGSC/24/22 The Council's Budget 2024/25

The committee considered reports of the Deputy Chief Executive and City Treasurer which provided updates 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 of the Council on the Executive's budget proposals. She thanked officers for their hard work in achieving a balanced budget for 2024/25 and acknowledged the challenges in doing so. She stated that the government had previously indicated that they were receptive to the fact that local government finances were in crisis and that they recognised their role in helping to address the £4bn funding gap forecasted over the next two years but this was not reflected in the Local Government Finance Settlement which allocated only a small amount of funding for the Council. She explained that the proposed budget took these issues into consideration but that the Local Government Finance Settlement did not provide enough funding. She stated that Manchester would have had double the amount of spending power if it had received the average budget cuts

since 2010 but she highlighted that the Council had lots to be proud of, including its long-term view of investing in communities and supporting residents.

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 echoed the Leader's comments and praise of officers and acknowledged the difficulty in achieving a balanced budget in the context of 14 years of austerity; the government's failure to recognise the role of local government; and in-year budgetary pressures on adult's social services, children's services and homelessness despite significant work to reduce demand. He explained that Manchester had lost £443m in funding as a result of cuts to local government finances with a further reduction of £32m expected in future years and that the Council would have had an additional £74.5m per year if it had been subject to the average budget cuts across local government, which he accredited to ideological political choices. He highlighted how 8 local authorities had issued Section 114 notices in recent years, of which 3 of these notices had been issued in the previous 6 months and stated that Manchester was in a better position than many councils as a result of taking tough, long-term decisions.

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

The Chair then invited Chairs of other Scrutiny Committees to highlight any issues arising from individual directorate budget plans. The Chair of the Children and Young People Scrutiny Committee highlighted challenges with the Children and Education Services directorate budget, particularly with regards to funding for high needs blocks in schools. She recognised the hard work of officers and the importance of early help work but stated that this would be difficult to continue after 2024/25 if the government did not continue to provide the Household Support Fund (HSF).

The Chair then invited questions from the committee and the following queries and key points were raised:

- Emphasising the need for multi-year Local Government Finance Settlements;
- Welcoming work on the Aviva Studios at Factory International, which had brought communities together;
- Noting that the budget proposed a reduction of 43 full-time equivalent (FTE) positions, and querying how many of these were currently vacant;
- What reassurances could be provided that the Council was not excessively using reserves;
- Commending the work of the procurement team dealing with the Council's energy contracts, who the Chair had recently met; and
- Recognising that the Council had defended many of its services and invested heavily against a background of 14 years of budget cuts.

In response to a query regarding vacancies, the Deputy City Treasurer advised that there were approximately 800 vacancies across the Council, of which 500 had been vacant for more than 12 months and had been difficult to fill. He explained that a review had been undertaken to identify if any vacant posts could be deleted.

The Executive Member for Finance and Resources echoed a member's call for multi-year finance settlements and explained that this was the sixth year of receiving an annual settlement, which did not enable the Council to plan ahead. The Deputy Chief Executive and City Treasurer explained that officers took a long-term view when setting the budget and that reserves were used to smooth the budget position but she acknowledged that this was getting increasingly difficult. The Leader of the Council stated that there had been a noticeable change with regards to how smoothing reserves were used and that consideration would need to be given to how reserves were used given the forecasted budget gap of £90m by 2026/27. She provided assurances, however, that the use of reserves was well thought through.

Decision:

That the Resources and Governance Scrutiny Committee endorses the budget proposals as presented for approval by Full Council at its meeting on 1 March 2024.

RGSC/24/23 Housing Revenue Account 2024/25 to 2026/27

The committee received a statement from the Executive Member for Housing and Development regarding the Housing Revenue Account (HRA) calculations for 2024/25 to 2026/27 and its use. The Executive Member for Housing and Development explained that there would be a rent increase of 7.7% in 2024/25 which was set by the government. He stated that there were challenges in balancing the HRA due to pressures with the Right to Buy scheme and the need to improve the Council's housing stock, but work was ongoing to improve energy efficiency of the current stock and to build more social housing in areas such as Collyhurst. He also explained that £1.1m had been allocated to supporting Council tenants with the cost-of-living crisis in the 2023/24 budget and this would be continued in 2024/25 with £300k allocated to mitigate against pressures caused by rent increases and the cost-of-living.

Decision:

To endorse the proposals as recommended for approval at Council on 1 March 2024.

RGSC/24/24 2024/2025 Budget Consultation Results

The committee considered a report of the Deputy Chief Executive and City Treasurer and the Head of Strategic Communications which provided a summary of the results of the 2024/2025 budget and council tax consultation.

Key points and themes within the report included:

- The consultation had run from 31 October to 27 December 2023 and sought feedback on a proposed 2.99% increase in council tax and a proposed 2% Adult Social Care (ASC) precept;
- This was undertaken through an online questionnaire on the Council's website and paper questionnaires in libraries across the city. Paper copies of the consultation form were also issued to Councillors;
- The questions asked and responses;

- Analysis of responses;
- Demographic analysis; and
- Equality data.

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

- The reasons why 35% of respondents to the Budget Consultation viewed becoming a zero-carbon city as a least important priority; and
- Whether respondents to the consultation were more likely to be those who would benefit from changes to council tax, and what could be done to widen participation.

In response to queries regarding the budget consultation, the Deputy City Treasurer stated that most respondents supported an increase in council tax to support vulnerable residents. The Leader stated that there was a wide variety of respondents to the consultation and that these were often those least in receipt of Council services. She also stated that many residents favoured investment over tax cuts.

The Deputy City Treasurer explained that the Council's Communications team used different channels to reach a wide audience when consulting on the budget. He stated that the Council was pleased with the response rate this year compared to previous years and that the responses were beginning to reflect national polling.

In response to a query regarding why some respondents viewed becoming a zero-carbon city as a least important priority, the Leader explained that this could be because respondents considered the immediate issues affecting them rather than long-term ambitions or concerns.

Decision:

That the report be noted.

RGSC/24/25 Budget 2024/25 Anti-Poverty and Equalities Impact Assessment

The committee considered a report of the Deputy Chief Executive and City Treasurer which detailed how the approach to Equality Impact Assessments and Poverty Impact Assessments was embedded in the budget setting and business planning processes. It also detailed the budget setting process for 2024/25 and the impact this will have on equalities and poverty.

Key points and themes within the report included:

- Each service developed their own service plan for the year which detailed the steps to be taken to tackle inequalities;
- A wide range of data, intelligence and insight about communities in the city and different neighbourhoods and localities was used to inform decisions and service priorities;
- Support provided in children's early help, reablement services and investment in the Voluntary, Community and Social Enterprise (VCSE) sector;

- The proposals recommended to Council which had been identified as requiring an Equality Impact Assessment;
- Increased Investment and support for people experiencing poverty; and
- The collective impact of proposals and ongoing management.

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

- Welcoming the support offered by the Cost-of-Living Advice Line and investment in the Voluntary, Community and Social Enterprise (VCSE) sector; and
- How many households could be lifted out of poverty if the government removed the two-child benefit cap.

It was clarified that, as of July 2023, 7000 households in Manchester would be lifted out of poverty if the two-child benefit cap was removed.

Decision:

That the report be noted.

RGSC/24/26 Details of Proposed Budget Amendments (if any)

The Chair next invited Councillor Leech to present his budget amendment. In doing so, Councillor Leech proposed the following:

1. To allocate a budget of **£770,000**, subject to consultation, 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 85% to 87.5%; to be funded through the transfer from the General Fund Reserve.
2. To allocate a budget of **£75,000**, subject to consultation, to enable the Council to deliver a Council Tax rebate to Manchester residents in receipt of the maximum Council Tax support equivalent to the increase that they would be expected to pay to cover the increased precepts for the Police and Fire services and to cover the increase of the Mayoral General precept; to be funded through the transfer from the General Fund Reserve.
3. 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.
4. To allocate a budget of **£350,000** to invest additional resources into CCTV to tackle flytipping hotspots by improving detection rates and increasing enforcement and reducing instances of flytipping and to add or replace unsuitable bins in specific problem spots where existing bin capacity results is insufficient; to be funded from the Budget Smoothing Reserve.

5. To allocate a budget of **£105,000** to invest additional resources into CCTV enforcement vehicles to tackle specific parking enforcement hotspots; to be funded from the On-street Parking Reserve.
6. That a review be carried out on the cost-effectiveness of the parking enforcement income generated by the leasing of additional CCTV enforcement vehicles.

All proposals in this amendment were spending commitments for 2024/2025 only.

The Chair then invited the Executive Member for Finance and Resources to comment on the proposed amendment from Councillor Leech. He stated that local government finances had worsened from 2010 under the Conservative-Liberal Democrat coalition government and emphasised that reserves were to be used prudently for preventative strategies and initiatives to reduce demands on key services. He further stated that the Council had increased the maximum Council Tax Support to 85% and adjusted the Universal Credit excess bands to align with this. It was highlighted that £5.5m had been retained to support those residents most in need and it was stated that the Council was doing all it could to provide support considering the budget constraints it faced.

The Leader emphasised the support available to those most in need and that the Executive continued to focus on providing vital services for residents and investing in key priorities.

Some further clarity was sought on Councillor Leech's amendment and he explained that the additional resources for CCTV enforcement proposed in the amendment was to be used in problem areas and was in addition to the investment already allocated by the Council.

The Executive Member for Vibrant Neighbourhoods provided assurances in response to the amendment that the Neighbourhoods service continued to identify ways to improve cleanliness and to tackle flytipping and emphasised the need for reserves to be used prudently.

The Executive Member for Environment and Transport explained that there were currently less than 500 highways repairs to undertake and that the service continued to undertake the planned maintenance programme. She highlighted that the on-street parking reserve was not a form of guaranteed income and that enforcement measures were needed to generate income.

The Chair queried whether members should be nervous about the proposal in the amendment to use an additional £2m of reserves in 2024/25. In response, Councillor Leech disagreed and explained that the proposals within the amendment proposed would not result in the General Reserve Fund decreasing below the acceptable threshold in three years and that many of the proposals were on a spend-to-save basis and would result in long-term financial savings to the Council. In contrast, the Executive Member for Finance and Resources stated that the General Reserve Fund was forecasted to decrease below £20m by the end of 2023/24 and that an additional

£10m had been allocated to the reserves since November 2023 to account for demands in adult's and children's social care. He stated that the reserves needed to be replenished by £3m next year based on the proposed budget. He also advised that the Council could not predict future demand on reserves.

Decision:

That the committee recommends that Council does not agree to the amendment proposed by Councillor Leech.