

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Thursday, 5 December 2024

Present:

Councillor Simcock (Chair) – in the Chair
Councillors Connolly, Glover, Kilpatrick, Kirkpatrick, Noor, Rasul, Stogia and Wheeler

Also present:

Councillor Bridges, Deputy Leader
Councillor Akbar, Executive Member for Finance and Resources
Councillor White, Executive Member for Housing and Development

Apologies: Councillor Evans

Chair's Announcements

In opening the meeting, the Chair noted that Councillor Davies had stepped down from the committee due to other commitments and thanked her for her 10 years' service to the committee. He also thanked officers for reports being available on time upon publication.

RGSC/24/86 Minutes

A committee member queried the accuracy of a point raised at the previous meeting that 40% of Manchester's population were from the Black, Asian and Minority Ethnic (BAME) community. In response, the Executive Member for Finance and Resources confirmed that this was correct as per the 2021 Census.

Decision:

That the minutes of the previous meeting held on 7 November 2024 be approved as a correct record.

RGSC/24/87 Update on the insourcing of the contract for provision of property management and professional services from Jacobs UK

The committee considered a report of the Director of Development which provided a summary of the progress made to insource the property management and professional services contract from Jacobs UK, which culminated in the transfer of 16.5 FTE employees to the Council in May 2024.

Key points and themes within the report included:

- The Jacobs UK team consist of Chartered Valuation, Commercial Property and Land Surveyors, Project Managers and Technical Assistants;
- Insourcing first was now a Council corporate priority following a motion approved at Full Council in February 2023;

- The Transfer of Undertakings (Protection of employment) (TUPE) process followed, which went smoothly as a result of collaboration between the Development, HR, Finance and IT services;
- Examples of recent service delivery; and
- Stabilisation and performance management.

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

- Commending the commitment to insourcing and the transfer of staff from Jacobs;
- The experiences of employees who initially worked for the Council before being transferred to Jacobs and back to the Council;
- The pension terms for those transferred to the Council;
- How performance of the service would be scrutinised;
- The rationale behind insourcing the property management service;
- Whether c£350k revenue through other income and recharges for services was a recurring figure;
- The volume of additional outsourced property services;
- What steps were being taken to ensure greater value-for-money within the service;
- What measures were being taken to improve debt collection; and
- If any specific measures were in place to ensure that the property portfolio contributed to the Council's zero carbon and energy efficiency targets.

The Deputy Leader highlighted the motion to make insourcing a corporate procurement priority passed by Council in 2023 and stated that the decision to bring the property management service previously contracted to Jacobs in-house demonstrated the Council's commitment to this. He stated that this decision was guided by political will and benefits for residents and explained that key performance indicators and internal governance processes were being developed to monitor the progress of this service.

The Director of Development explained that outsourcing services was common amongst local authorities during the period of austerity. He stated that significant time had passed since the decision to outsource the property management service and additional pressures and the need to deliver social value meant that integration with the Council was key.

A trainee surveyor who had been previously employed by Jacobs attended the meeting to share her experiences of transferring into the Council. She commended the development opportunities available at the Council and the commitment to personal and professional growth. She also highlighted the efforts made by management to integrate the transferred employees into the wider service and stated that the transition had been smooth.

In response to a member's query regarding the experiences of employees who worked for the Council before being transferred to Jacobs, the Assistant Director of Development and Investment Estate stated that he had met with members of the

team and, whilst there was an initial nervousness, feedback from staff had been largely positive. He stated that there was a mixture of new talent and experienced employees and that the service had inherited a balanced team. He highlighted the benefits of skill-swapping and understanding how to improve a place-based approach to the investment estate.

The Director of Development explained that some employees who were transferred to Jacobs as part of the outsourced remained employed on the Council's terms and conditions of employment and continued to be part of the Local Government Pension Scheme. He stated that the Jacobs pension scheme ended through the transfer of staff back to the Council and that all employees were now part of the Local Government Pension Scheme. He agreed to provide further detail on this following the meeting.

The committee was advised that a significant amount of time had passed since the property management service was first outsourced and the decision to bring this back within the Council would help with the need to ensure awareness of liability, providing greater customer service and to ensure an integrated approach to social value.

The Director of Development explained that there was a requirement as part of best practice to retain a subject multi-agency risk assessment conference (Marac) experts contracted for benchmarking and peer review exercises, meaning that there would continue to be fees for external valuations of properties. He stated that the Council had been increasingly outsourcing additional services to the Jacobs contract and that insourcing would allow for greater use of the existing skillsets of the team. He also highlighted examples of how the team's existing expertise had been utilised, which were listed in the report.

The committee was informed that any need for additional outsourced property services arose from audits and specialist advice. It was also highlighted that the service had a Professional Services Framework which set rates in line with market averages for external services.

The Director of Development advised that a working group with colleagues from Finance and Legal had been established to review large debt arrears. He stated that this was a complex area, but significant progress was anticipated within the coming financial years.

In response to queries regarding decarbonisation and energy efficiency, the Director of Development highlighted the importance of the Estates Strategy in delivering the Council's zero carbon targets and recognised progress with decarbonisation of the corporate estate. He noted that much of the investment estate was contracted out to tenants but the changing regulatory environment with regards to energy performance requirements for future lettings meant that some tenants were willing to pay more for high-quality properties that helped to meet their own corporate ambitions around zero carbon and energy efficiency. The Assistant Director of Development and Investment Estate advised that he was undertaking a baseline review of the investment estate to understand requirements around decarbonisation and energy performance works.

In concluding this item, the Chair thanked officers and wished the Trainee Surveyor luck with her career at the Council.

Decision:

That the report be noted.

RGSC/24/88 Progress update on the development of the Our Manchester Strategy 2025-2035

The committee considered a report of the Assistant Chief Executive which provided an update on the development of the new Our Manchester Strategy for the city covering the period 2025 to 2035, building on a previous report to the committee in July 2024.

Key points and themes within the report included:

- Phase 1 of public engagement, which took place across Manchester between February and May 2024;
- Phase 2 of public engagement, which took place between September and October 2024 and tested 12 draft priorities structured under the themes of People, Neighbourhoods and City;
- Where engagement sessions took place and partnership boards and stakeholder groups who were consulted;
- 2706 responses were received in the second phase of engagement and between 75% and 85% of respondents agreed with 11 of the 12 priority statements;
- Demographics of phase 2 respondents;
- Key considerations for the Resources and Governance Scrutiny Committee;
- An overview of the new Strategy; and
- Next steps, including approval by Council in March 2025.

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

- Whether there was a consistent amount of in-person engagement sessions in each ward;
- How progress with digital exclusion could be assessed and monitored;
- Noting that the engagement indicated that zero carbon was the least prioritised area and that the wording for this priority had been revised;
- Noting that the draft Strategy stated that there were fewer people with no qualifications in Manchester than in previous years, and querying if this was because of greater attainment or age;
- Wage increase statistics in the draft Strategy did not account for inflation;
- How business owners were engaged on this work;
- The rationale and methodology behind the approach to the consultation and priorities and why this was not weighted;
- What the Council was doing to increase public buy-in to zero carbon targets;
- The need to increase understanding of the Strategy and its aims, particularly amongst specific communities;

- If any comparisons had been undertaken with similar strategies in other cities;
- How progress would be measured; and
- What was meant by social media survey comments and feedback.

The Assistant Chief Executive introduced the report and explained that phase 1 of public engagement had been carried out earlier this year and that phase 2 included drafting twelve priority statements based on the feedback from phase 1. He explained that these priorities had been drafted in plain English and tested through public engagement both in-person and online. He stated that a small percentage of respondents disagreed with the priority statements and officers had reflected on this and redrafted the priorities accordingly.

In response to queries regarding the phase 2 engagement, the Assistant Chief Executive explained that in-person sessions had been held across the city and in some particular venues which were close to the boundary of more than one ward. He stated that businesses had been consulted significantly during phase 1, which included engagement with groups, boards and forums. The Economic Strategy and Policy Manager reiterated that business networks had been engaged through phase 2 and that information on the consultation was shared in newsletters and other bulletins for businesses.

Members advised that a report on the Council's Digital Strategy, which worked to tackle digital exclusion, would be brought to the committee in January 2025.

It was also explained that social media survey comments and feedback related to any comments made on posts regarding the Strategy on the Council's social media channels.

With regard to the priority around climate change and zero carbon, the Assistant Chief Executive explained that this had been redrafted following public feedback because the original wording described factors that were outside of the Council's control. He stated that the revised priority highlighted areas within the Council's remit that it could also influence partners on. He acknowledged that climate change would not be a priority for some and that there would always be some people who disagreed with the principle of this. Members were advised that the feedback from the engagement regarding climate change and zero carbon would feed into the Council's Climate Change Action Plan and framework going forward.

The Assistant Chief Executive explained that 23% of Manchester residents did not have any qualifications in 2004, compared to 10% currently, but he endeavoured to identify a better way to express this in the Strategy. He also agreed to reflect on the language used to highlight wage increase since 2015, following a member's suggestion, but recognised that the local economy had performed well in recent years and that the Strategy aimed to convey that residents had benefitted from economic growth.

In response to a query regarding why priorities were not ranked, the Assistant Chief Executive explained that the aim of the consultation was to convey future ambitions for the Strategy so language around the priorities was purposely drafted positively. He stated that respondents were asked about challenges and issues in other ways

and that the public engagement had been carried out through a combination of the Council's in-house performance, research and intelligence team and external resources. He explained that data had been broken down by characteristics where respondents provided this information, and officers had been able to identify the different priorities between groups. The Economic Strategy and Policy Manager cited young people responding strongly to the priority around safety and security as an example of this.

The Assistant Chief Executive acknowledged the underrepresentation of young people, African and Muslim residents in the feedback and explained that targeted engagement had been undertaken to increase responses from these groups, such as attending youth groups and education settings. Similar face-to-face engagement had been undertaken in football hotspots and places of worship and community groups had engaged with residents on the Council's behalf. He also informed members that some activities to launch the Strategy would be held within communities, with a focus on underrepresented groups. The Economic Strategy and Policy Manager also explained that feedback had been captured through conversations between residents and staff at engagement sessions. He highlighted the significant work undertaken to engage children as part of the Council's Child Friendly City and Age Friendly Manchester work and this had been used as part of the evidence base to inform the Strategy.

In response to a member's query, officers explained that they had looked at similar strategies in other cities, but it was important for this strategy to be relevant to Manchester.

The committee was informed that an implementation plan would be developed to outline how the Strategy was delivered. The annual State of the City report would be reframed around the new Strategy and would highlight progress through an interactive dashboard that sat under the report.

The Deputy Chief Executive stated that the Strategy aimed to convey the views of residents so that they were included in its development and to maintain the aspiration for Manchester to be a top-class city. He highlighted that 11,000 children and young people had been engaged through the Child Friendly City work and the Council would continue to routinely engage with schools. He stated that a refresh of the Residents' Survey was underway, and this could be incorporated into future work.

Decision:

That the committee note the report.

RGSC/24/89 Budget 2025/26

The committee considered the report of the City Treasurer that provided a high-level overview of the latest budget position for the Council in respect of its 2025/26 budget. The committee also considered a report of the City Treasurer which presented the current officer-developed budget savings options which are within its remit.

Key points and themes in the reports included:

- Noting that the Council was forecasting an estimated budget shortfall of £101m in 2025/26, £126m in 2026/27, and £164m by 2027/28;
- Mitigations approved in previous budget rounds included approved savings of £32m, the use of c£18m smoothing reserves in each of the three years, and a Council Tax increase of 4.99% (c£11m) a year. After these mitigations the gap reduced to £29m in 2025/26, £41m in 2026/27 and £77m by 2027/28;
- Noting that councils faced a national funding gap of £6.2 billion over the next two years, and this needed to be considered in the context of an estimated £24.5 billion in cuts and efficiencies in service spending that councils had made since 2010/11;
- Noting that over the same period the Council had delivered over £440m of cumulative savings;
- The 2023/24 outturn position reported to Executive 5 June 2024, reported an overspend of £5.3m. The second monitoring report of 2024/25 was considered by Executive on 13 November, reporting a forecast overspend of £20m. The ongoing implications of this overspend must be considered as part of the budget setting process;
- Consideration of the Government's Autumn Statement, noting that a key headline for Local Government is that Core Spending Power would increase by 3.2% in real terms in 2025/26;
- Noting that Ministers had indicated additional funding would be targeted through a deprivation-based approach;
- A summary of the budget position, noting that the final budget position for 2025/26 would be confirmed at February 2025 Executive. This would be after the Finance Settlement was received and key decisions confirming the Council Tax and Business Rates tax base to be used to determine the collection fund position have been made in January.
- The gross 2024/25 budget for the Corporate Core service was £356.6m and the net budget was £114.4m with 2,104 FTE employees;
- The key priorities and initiatives for the service in 2025/26;
- The Corporate Core service was currently forecasting an underspend of £0.653m as at the end of September;
- New savings proposals for 2025/26 to 2027/28, totalling £9.812m, and cross-cutting savings proposals;
- Government grants and other income;
- Workforce implications; and
- Future opportunities, risks and policy and strategy considerations.

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

- Acknowledging the impact of cumulative budget cuts by previous governments;
- If trade unions had been consulted on the proposals;
- If there was capacity amongst staff to deal with natural turnover;
- Noting that council tax collection rates were lower than before the Covid-19 pandemic and the Council being an early adopter of the functionality to access

bank accounts of those in arrears to make financial assessments on abilities to pay;

- Seeking reassurance that staff vacancies were not being used as a buffer to enable savings;
- What engagement had been undertaken with security staff on the proposal to reduce opening hours of some entrances to the Town Hall Extension;
- Whether homelessness grant funding would make a difference to the cost of prevention measures and temporary accommodation; and
- How changing the payroll date would result in savings.

In introducing the report, the Executive Member for Finance and Resources highlighted the significant impact of cuts to local government funding imposed by previous governments. He stated that, whilst the measures announced in the Labour government's Autumn Budget had increased the core spending power for councils, the challenges in demand-led services would not be reduced within one budget or the first year of the new government's administration. He explained that officers had worked to identify savings proposals since early 2024 due to political and financial uncertainties and were working to mitigate the forecasted £20m overspend for 2024/25. He explained that many of the proposals related to savings, income generation and efficiencies and that these needed to be seriously considered to ensure the Council could set a balanced budget. He also welcomed the government's commitment to providing multi-year settlements from 2026, which would include a targeted approach and consideration of deprivation and need.

The Deputy Chief Executive reiterated the Executive Member's comments that the budget proposals had been approached through efficiencies and transformation and emphasised that compulsory staff redundancies were not currently being considered.

In response to queries, the Executive Member for Finance and Resources stated that any measures or proposals regarding the workforce would be subject to consultation with trade unions through the Joint Consultative Committee (JCC). The Deputy Chief Executive confirmed that an extraordinary meeting of the JCC would be scheduled.

The Deputy Chief Executive highlighted the digital transformation work of the Council which helped to improve efficiency, and this had been built into previous years' savings.

In response to a query regarding council tax collection, the Directorate Head of Finance stated that a number of initiatives were in place to improve this, such as through increased use of technology and analysis of single person discount to ensure eligibility. The Deputy Chief Executive clarified the pilot approach that the council was part of with a small number of other councils and HMRC regarding people with council tax arrears who had moved away from the area.

The City Treasurer explained that there was typically an underspend of between £8-£10m on staffing each year and that recruitment challenges in some areas meant that services had to adapt to working differently. He emphasised that the Council was not proposing staff redundancies but there had been a number of vacancies for over 12 months, so it was felt appropriate to review. He also stated that any direct impact

of vacancies on staff would be minimised, and that new technology was helping the Council to work in different ways and to reduce the need to recruit to some vacant posts.

With regard to the proposal to reduce the opening hours of some of the entrances to the Town Hall Extension, the Directorate Head of Finance explained that four entrances were currently open throughout the day and staffed by contracted security officers. He explained that it was proposed to reduce the opening hours of three of the entrances through later opening and earlier closure but the opening hours of at least one entrance would remain as is. A security presence would be maintained whilst entrances were open and the CCTV control room would continue to operate.

The Executive Member for Finance and Resources emphasised the requirement for the Council to set a balanced budget. He explained that figures within the report highlighted the current budget gap and savings, should the current proposals be approved. He stated that the Local Government Finance Settlement had not yet been received and was difficult to predict due to the government's review of the funding formula. He assured members that the Council would be in a more informed position following receipt of the Settlement.

The Executive Member for Finance and Resources also explained that significant work had been undertaken to reduce the number of homeless families in bed and breakfast and temporary accommodation. He stated that multi-year finance settlements would help to provide greater certainty for demand-led services, such as Homelessness.

The City Treasurer informed members that the current payroll process involved paying staff two weeks in advance and two weeks in arrears every month. He stated that this was a difficult process and that changing the payroll date to the end of the month would improve the Council's cashflow. Members were assured that adjustments would be made to help staff and that there was a 12-month lead-in time for this change.

Decision:

To note the reports.

RGSC/24/90 Housing Revenue Account 2025/26 to 2027/28

The committee considered a report of the Strategic Director (Growth and Development), the Strategic Director (Neighbourhoods) and the City Treasurer which provided initial details on the proposed Housing Revenue Account (HRA) budget for 2025/26, and an indication of the 2026/27 and 2027/28 budgets. It also set out the key assumptions being used in developing the next year's budget and the outlook for the 30-year HRA business plan in light of the budget proposals.

Key points and themes within the report included:

- The proposed Council rent increase was 2.7% for 2025/26;

- The current budget position for the HRA as at period 6, with a forecasted overspend of £4.675m;
- The current budget assumptions for 2025/26, including proposed rent increases;
- Private Finance Initiative (PFI) managed rents were higher than general needs as they had not been subject to either the four years rent reductions, or the rent capping imposed on general needs rents;
- It was expected that Right to Buy sales would reduce following policy changes announced in the Autumn Statement, although there had been an initial spike in applications;
- Other income and PFI schemes;
- Management of housing stock and property numbers;
- Work of the Housing Services team;
- Debt financing and borrowing costs;
- Garage rents, which were proposed to increase by 5% in 2025/26; and
- Reserves forecast.

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

- If any consideration had been given to the impact of closing the Monsall Street offices on staff and residents;
- Outsourced contractors would be required to pay workers the uplift in National Insurance compared whereas this did not apply to insourced workers;
- Return visits to properties and whether additional staff were being trained to be able to fix ground source heat pumps; and
- Some of the key changes being made to increase productivity of operatives should already be in operation.

The Executive Member for Housing and Development introduced the report and stated that the Rent Settlement Agreement had been received which confirmed a rent increase of Consumer Price Inflation plus 1%, totalling an increase of 2.7%. He stated that the report highlighted some pressures and opportunities to invest in the housing stock across the north and city centre of Manchester. He acknowledged that challenges with the cost-of-living remained and stated that the Council had established the Community Living Fund, which was included in the budget for 2025/26.

The City Treasurer explained that the Treasury would compensate public sector-direct employees for the uplift in National Insurance contributions and that there was no current indication that this would apply to the supply chain. He stated that the final outcome on this was expected as part of the Local Government Finance Settlement and expressed concern over the sustainability of this uplift on the social care sector in particular.

The Assistant Director of Housing explained that the Monsall Street office had been closed to the public since 2020 and officers had not worked there for the last six months due to ongoing repairs work. He stated that discussions had been held with

local members on the impact of this closure and how residents could access services alternatively.

In response to a query regarding maintenance, particularly of ground source heat pumps, the Executive Member for Housing and Development acknowledged the importance of ensuring that data was correct, that the appropriate maintenance operatives were sent to jobs and that repairs were completed first-time. He recognised the need for the right skill force, deployment and client management and stated that work was ongoing to review the service with the potential to bring this in-house.

It was also highlighted that the Community Living Fund could help residents with broken heating or hot water.

The Executive Member for Housing and Development concurred with the Chair's comment that some of the activity proposed to increase productivity of operatives should already be in operation and that this work would transform the current service.

Decision:

That the report be noted.

[Councillor Connolly declared a pecuniary interest in this item and left the meeting for the duration of discussion]

[Councillor Wheeler declared a personal interest in this item]

RGSC/24/91 Setting of the Council Tax Base and Business Rates Shares for 2025/26 Budget Setting Purposes

The committee considered a report of the City Treasurer which provided background on the methodology used for calculating the City Council's council tax base and business rates income for budget setting purposes for 2025/26, along with the timings of related preceptor payments and the decision on business rates pool membership.

Key points and themes within the report included:

- The statutory dates by which the Council is required to notify its precepting authorities on the council tax and business rates decisions as part of the budget setting process;
- The most up to date information as at the end of December 2024 had to be used to calculate the Council's estimated Collection Fund surplus or deficit and so, in line with previous years, the Chair of Resources and Governance Scrutiny Committee was requested to exempt the decision from call in. The City Treasurer, in consultation with the Executive Member for Finance and Resources, has delegated power to agree the estimated council tax surplus or deficit;

- The basis of the calculation of the council tax base, which was the number of dwellings within the Council's boundary presented as Band D equivalents adjusted to take account of exemptions and discounts;
- The basis of the calculation of the business rates base, noting that the Council was part of the Greater Manchester Business Rates Retention pilot and retained 99% of yield; and
- The actual level of the council tax was subject to further approval and would be set out in the Council Tax Resolution report to Council in February 2025.

The City Treasurer explained that the report detailed the process for setting the council tax and business rates income bases for 2025/26 and that powers were delegated to him, in consultation with the Executive Member for Finance and Resources. He emphasised that up-to-date information was required to ensure the most accurate position when setting the bases and that the Chair would be requested to exempt these decisions from the call-in procedure to avoid delay.

There were no points or questions raised by the committee.

Decision:

The committee notes that

1. the City Treasurer, in consultation with the Executive Member for Finance and Resources, has delegated powers to:
 - Agree the estimated council tax surplus or deficit for 2024/25;
 - Set the 2025/26 council tax base for tax setting purposes in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2013;
 - Agree the estimated business rates surplus or deficit for 2024/25;
 - Calculate the 2025/26 business rates income for budget setting purposes in accordance with the Non-Domestic Rating (Rates Retention) Regulations;
 - Determine whether the Council should be part of a business rate pooling arrangements with other Greater Manchester local authorities in 2025/26;
 - Set the dates of precept payments to the Greater Manchester Combined Authority in 2025/26.
2. the Chair of Resources and Governance Scrutiny Committee will be requested to exempt various Key Decisions regarding this from the call-in procedure.

RGSC/24/92 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 any items for information previously requested by the Committee.

In response to a member's query regarding how the committee's work programme was devised, the Chair explained that the first meeting of the municipal year involved a work programming session which developed the committee's programme for the upcoming year. He stated that if members felt there were any gaps in the work

programme where an item under the remit of the committee was not listed, they could suggest this as an area to bring forward.

The Deputy Chief Executive also highlighted that an extract of the Register of Key Decisions of upcoming decisions within the committee's remit was included in the Overview Report at every meeting. He stated that members could use this to identify areas for the committee to scrutinise further.

Decision:

That the report be noted.