

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Tuesday, 7 January 2020

Present:

Councillor Russell (Chair) – in the Chair

Councillors Ahmed Ali, Andrews, Clay, Davies, Lanchbury, B Priest, Rowles, A Simcock, Stanton, Wheeler and Wright

Also present:

Councillor Ollerhead, Executive Member for Finance and Human Resources

Apologies: Councillor Moore

RGSC/20/1 Minutes

Decision

To approve the minutes of the meeting held on the 3 December 2019 as a correct record.

RGSC/20/2 The Council's Updated Financial Strategy and Budget reports 2020/21

The Committee considered a report of the Chief Executive and the Deputy Chief Executive and City Treasurer, which provided an update on the Council's overall financial position and set out the next steps in the budget process. In doing so, the report outlined Officer proposals for how the Council could deliver a balanced budget for 2020/21.

In conjunction with the above, the Committee also received and considered the draft Council Business Plan for 2020/21 and the Corporate Core medium term financial plan (MTFP) and budget proposals for 2020/21, which included those areas of service which were in the remit of Resources and Governance Scrutiny Committee but not within the Corporate Core (namely operational property, facilities management and the investment estate from within the Growth and Development directorate).

Officers highlighted that the 2020/21 budget would be a one year roll over budget. It would reflect the fact the Council had declared a climate emergency and would also continue to reflect the priorities identified in the previous three-year budget strategy.

Taken together, the reports and the MTFP illustrated how the directorate would work to deliver the Our Corporate Plan and progress towards the vision set out in the Our Manchester Strategy.

In relation to the Council's update Financial Strategy and Budget 2020/21, some of the key points that arose from the Committees discussions were:-

- What was the potential impact on the Council's income with the anticipated review by Government on Business rates and what plans had the Council in place to address any impact;
- Clarification was sought on the forecasted in-year overspend of £4.2m for 2019/20 and whether this was against the original or revised budget and connected to this what were the overspends within Children's Services and Adult Social Care against their original budgets;
- How did the Council intend to meet the cost of the estimated overspend of £4.2m;
- What was the intended use of the GMCA return/refund relating to Business Rates and Waste Disposal of £7.2m and why was it to be spread equally across 2020-2022;
- What was the source(s) of the additional commercial income of £8m;
- Clarification was sought on what was the total amount of additional income from Government the Council would receive for 2020/21;
- It was commented that savings targets within Adults Services either needed to be achievable, as this service area had never achieved previous targets that it had been set, or accept that what was being asked of the service was not achievable and cease asking this of the service; and
- Clarification was sought what the £46.9m capital financing cost was in relation to and what were the expected interest payment figure for 2020/21.

The Deputy Chief Executive and City Treasurer advised that the proposals outlined within the Queens Speech was that changes would be compensated through Section 31 grants to mitigate any immediate impact should there be changes to Business Rate retention levels. She commented that there would need to be a longer term policy debate by Government on the role of Business Rates and Local Government funding.

The Deputy City Treasurer clarified that the entire in-year overspend for the Council stood at £4.2m, with overspends mainly in Children's Services and Adult Social Care, which were offset with underspends from other areas. She advised that this forecasted overspend was against the most recent revised budget (which included amounts that had been set aside in the original budget for later in the year, and subsequently allocated into specific areas) and not the original budget for 2019/20. The Deputy City Treasurer advised that she did not have the detail of the overspends within Children's Services and Adult Social Care against their original budgets but agreed to provide this to the Committee after the meeting. The Committee was informed that the Council would use its general fund reserves if the overspend remained at £4.2m at the end of the financial year.

The Committee was advised that the £7.2m GMCA return would form part of the general resources income into the budget and as such it would be used as required to help underpin the budget. The reason it was spread across 2020 to 2022 was to ensure longer term funding availability for some investment priorities.

The Deputy Chief Executive and City Treasurer advised that the additional commercial income of £8m was an aggregate view of all of the dividends and income due to the Council.

The Deputy City Treasurer clarified that the Social Care Grant equated to an extra £13m for the Council which was the most significant growth in funding. There was also additional funding of circa £1.4m for Public Health. The Deputy Chief Executive and City Treasurer commented that Directorate budgets had increased to incorporate the additional Social Care Funding as well as the proposed Council Tax and precept increases.

The Deputy Chief Executive and City Treasurer commented that the capital financing cost was a combination of the minimum revenue provision the Council was required to make, interest repayment costs and any revenue contributions to capital. The Deputy City Treasurer advised that she would provide the Committee with details on the expected interest payment figure for 2020/21 after the meeting.

In relation to the Council's Business Plan 2020/21, some of the key points that arose from the Committees discussions were:-

- It was commented that within the Council Business Plan 2020/21, there was little reference to keeping the basics on track insomuch as the everyday services that residents relied on, which was an element of achieving the Our Manchester vision by 2025;
- In relation to the Zero Carbon Manchester corporate priority, what was the funding for this and how would scrutiny review whether this priority was being achieved;
- Was there any budget for the retrofitting of existing properties to improve their energy efficiencies and for embedding climate change commitments into Manchester's next Local Plan;
- Had there been any costed Invest to Save initiatives within the Capital Strategy to address the increasing use of private temporary accommodation by the Council;
- Of the number of affordable homes that had been built to date, how much of this had been facilitated through the release of council land;
- What was meant by the term 'target hardening' solutions for fly-tipping hotspots;
- It was requested that more granular data be provided on the number of people killed or seriously injured on Manchester's roads and was asked why there did not appear to be any road safety money beyond the next financial year;
- What steps were being taken to bridge the gap between resident and workplace wages;
- More detail was request in relation to the number of residents with no formal qualifications; and
- Was there any resource allocation for improving equality and diversity within the Council.

The Deputy Chief Executive and City Treasurer advised that the Zero Carbon Action Plan was going through a scrutiny process and part of this would include reviewing investment priorities. The Corporate Core Business Plan had some limited additional revenue funding to strengthen capacity in this area and the Capital Strategy would require decisions to be made to enable the Council to achieve its zero carbon commitments.

The Deputy Chief Executive and City Treasurer confirmed that there were additional resources going into the Local Plan work to embed the Council's climate change commitments, but acknowledged that the Council had limited resources available and over the next five years would face some challenging decisions.

The Deputy City Treasurer commented that the Council Business Plan was an overarching plan and the detail in relation to scrutinising the homelessness business plan, including the use of temporary accommodation would be considered by the Neighbourhood and Environment Scrutiny Committee. The Chair suggested that the Committee received a future report on what financial steps the Council was taking within its capital budget to improve the provision of good quality temporary accommodation within the broad geographical boundaries of the city.

The Deputy Chief Executive and City Treasurer advised that she would provide the detail on the number of affordable home built to date which had been facilitated through the release of council land to Members following the meeting.

The Director of Commercial and Operations advised that 'target hardening' solutions referred to the physical steps that would be taken to prevent fly tipping and provided an example of what this might entail.

The Director of Policy, Performance and Reform explained that the Our Manchester Local Industrial Strategy was intended to address the gap between resident and workplace wages to make for a more inclusive economy.

The Deputy Chief Executive and City Treasurer advised that there was resource allocated within the revenue budget specifically for equality and diversity. The underlying financial level of resource remained the same but there was an increase in the level of focus and capacity into this area.

In relation to the Corporate Core Budget Report 2020/21, some of the key points that arose from the Committees discussions were:-

- Could an example be given of how the Council intended to develop a more diverse workforce;
- Why was it proposed to delete 12 posts within Revenue and Benefits service which had not been filled;
- There was concern that posts within services were being held vacant for long periods of time only to then be deleted;
- It was suggested that the Council investigated the feasibility of further investment in additional public conveniences within and across the city;
- Further clarification was requested in relation to the proposal that the Council granted a lease for the non-core investment assets at Manchester Airport for a term of 275 years.

The Interim Director HROD advised that a range of activities would be looked at in relation to improving the diversity of the workforce, which would be informed by the Council's existing BAME and disabled workforce and then sent out for consultation. An external review on the Council's processes in terms of race had also been

undertaken and it was anticipated that the outcome of this review would be available for Members in spring 2020.

The Deputy Chief Executive and City Treasurer explained that there had been a number of vacant posts within the Revenue and Benefits Service which had been vacant for some time and there had been a shift of work with the roll out of Universal Credit which had reduced the workload of part of this service and due to this change the Council had taken the decision to delete these vacancies, whilst investing in the areas of the service that provided support to residents in terms of the collection of Council Tax and Business Rates.

The Strategic Director (Growth and Development) advised that the lease agreement for the non-core assets at Manchester Airport was complex and agreed to provide a detailed briefing note to the Committee.

Decision

The Committee:-

- (1) Recommends that their comments be submitted for consideration by the Executive at their meeting on 15 January 2020;
- (2) Requests that Officers provide additional information to the Committee on the following areas in a timely manner:-
 - detail of the overspends within Children's Services and Adult Social Care against their original budgets
 - the expected interest payment figure for 2020/21 in relation to the capital financing cost
 - detail on the number of affordable home built to date which had been facilitated through the release of council land
 - detail of the lease agreement for the non-core assets at Manchester Airport.
- (3) Requests a future report on what financial steps the Council is taking within its capital budget to improve the provision of good quality temporary accommodation within the broad geographical boundaries of the city, including invest to save proposals for temporary accommodation units for both homeless families and supported and semi-supported housing options to address the needs of homeless people, and young people at risk of homelessness.
- (4) Requests that Officers and the Executive Member for Finance and Human Resources investigate the feasibility of further investment in additional public conveniences within and across the city and provide a response back to the Committee or the Neighbourhoods Scrutiny Committee, in due course.

RGSC/20/3 Capital Investment Pipeline and Priorities

The Committee considered a report of the Deputy Chief Executive and City Treasurer, which provided a summary of the Council's proposed capital investment priorities, which would be included in the Capital Strategy report to Executive in February 2020.

The main points and themes within the report included:-

- Through the existing capital programme and recent policy decisions there were already a number of overarching future investment priorities, which included:-
 - The steps required to ensure the Council's capital programme met its target to at least halve its carbon output over the next five years, which would include understanding how investment could be classified in terms of carbon impact as well as financial;
 - The ongoing priority to deliver new affordable housing stock resulting in the decision to increase the delivery target from 5,000 Affordable Homes to a minimum of 6,400 Affordable Homes by March 2025;
 - A continued commitment to develop a more inclusive economy, both for the City and the Council, in order to meet the ambition set out within the Our Manchester Industrial Strategy;
 - An increasing role for the Council to look at market intervention, where the existing market outputs did not support the Council's wider aims, likely to be focussed on areas such as health and social care and particular residential and intermediate care;
 - To ensure that the Council's corporate estate was fit for purpose, particularly its leisure estate where certain assets were now nearly 20 years old;
- It was difficult to project the exact budget requirement but for the purposes of the Strategy it was proposed to include a total budget of £30m across all years of the programme for inflation, to be funded from borrowing; and
- An outline of the potential investment proposals across Council Directorates to support the Council in achieving its strategic aims.

Some of the key points that arose from the Committees discussions were:-

- What proposals, if any, was there for investment programmes for the Inclusive Economy;
- Where consideration of market interventions was being considered, was this purely to improve the Council's financial position or to also improve the Council's social value aims at the same time;
- More information was requested on the potential capital requirements for the development of supported and semi-supported housing options and also the proposal to consider the establishment of a Council owned temporary accommodation unit for homeless families;
- There was concern that there was no specific budget allocations for some of the priorities highlighted in the report, with particular reference to proposals to support homeless families and young people;
- There was concern that there was no reference within the Capital paper or pipeline to crime proofing infrastructure;
- Was there any financial provision to investigate/research potential inclusions to the Council's Capital Programme prior to business cases being developed and submitted for consideration;
- It was commented that as the Capital Programme only listed major, large scale schemes, smaller, local schemes that required investment could often get overlooked;
- What future investment was planned past 2022/23 for drainage;

- Why was there no budget line after 2020/21 for school crossings, and if we were going to continue with a school crossing programme, how would that be implemented successfully if it was not currently in the pipeline given the time necessary to identify and commission that work?
- With reference to the Highways Capital Projects, it was suggested that the priority of each programme should be identified in order to determine what percentage of the overall Highways capital programme should be allocated to individual projects;
- Clarification was sought as to what the £5.9m allocated to the Waste Contract would be used for; and
- Was there any update on the new telephony contract as there appeared to be a low amount of funding allocated to this programme of work.

The Executive Member for Finance and Human Resources advised that through the Capital Strategy Gateway process, all capital programme proposals were required to demonstrate what social value the programme intended on delivering for the city and its residents, through the use of the local workforce and supply chains.

The Executive Member for Finance and Human Resources commented that the use of market interventions would need to be determined on a case by case scenario and would not solely be taken on the grounds of improving the Council's financial position but to also improve the lives of Manchester residents.

The Deputy City Treasurer commented a number of the priorities put forward where the business cases are still being developed prior to approval and formal inclusion in the capital budget. The Executive Member for Finance and Human Resources explained that the Capital Programme was not a static programme and throughout the year would change with things added to it, removed or delayed. As such, it was not appropriate to earmark a level of funding to a particular programme without it being fully scoped.

The Chair suggested that the Committee received a further report on the potential use of the Council's capital budget on an invest to save basis to address the revenue implications of homelessness, and support Manchester residents.

The Deputy City Treasurer advised that when Directorates brought forward business cases for programmes to be included in the Capital Programme, if this required some form of investigatory/research work, this would be cost factored into the business case proposals.

The Executive Member for Finance and Human Resources acknowledged that if more resources were available, more capital investments could be made on small local schemes but as the Council only had a finite financial resource, it had to make its capital investment decisions based on and around the priority areas set by the Council.

The Executive Member for Finance and Human Resources agreed to raise the issue of future investment in drainage and on road safety with the Executive Member for Environment, Planning and Transport.

The Deputy City Treasurer advised that the £5.9million would be used to invest in new vehicles to support the Council's waste contract on an invest to save basis.

The Deputy Chief Executive and City Treasurer explained that for ICT the report only set out programmes were there had been approved spend and there was a larger piece of work around data centre, telephony and CRM system which was not reflected in the report before committee as the overall level of spend had not been fully allocated.

Decision

The Committee:-

- (1) Notes the report.
- (2) Requests that the Executive take into consideration the comments made by Members that highways safety measures (including school crossings and other traffic calming measures), plus crime proofing infrastructure are considered as part of the capital strategy.

RGSC/20/4 Draft 'Our People Plan 2020/23

The Committee considered a report of the Interim Director HR and OD, which provided an update on the development of Our People Plan 2020/23, to deliver Our People strategy.

The main points and themes within the report included:-

- The Our People strategy set out a compelling vision for a future workforce and workplace where systems, processes and cultures were fully aligned with Our Manchester behaviours and where people had the skills, opportunity and support to perform at their best;
- An overview of the draft Our People delivery plan for 2019/20; and
- A summary of key Our People achievements to date

In considering this item, the Committee also considered the report entitled Workforce Intelligence Update and Overview of Vacancies (agenda item 8). The main points and themes of this report included:-

- Absence levels had increased across the organisation and remained amongst the highest in Greater Manchester and now stood at an average of 12.72 days lost per employee in 12 months up to September 2019;
- Stress/Depression continued to account for the greatest number of days lost and was the most common reason for absence in each Directorate;
- Significant work had been undertaken over the last six months to try to address rising absence figures at both a Corporate and Directorate/Service level;
- In addition, HROD were supporting a range of "deep dive" projects in each Directorate to address specific issues;
- An overview of live capability/conduct cases across each Directorate;
- There continued to be reduction in agency spend across the Council;

- Details of the number of apprenticeships starts by the end of quarter 2 of 2019/20; and
- Details on the number of posts showing as vacant, including the numbers of those currently out to recruitment; those held as the service was currently going through a service redesign and those which were budgeted on the organisational structure but were not currently being recruited to.

Some of the key points that arose from the Committees discussions were:-

- How would the Plan look to address underperformance of employees and ensure that the number of staff that had been subjected to a prolonged period suspension during disciplinary procedures was reduced;
- It was commented that improving the organisations' approach to performance management was a central issue to any People Strategy and should not be a peripheral issue;
- It was also suggested within the Plan there needed to be a distinction between work that would be undertaken in improving the Council's disciplinary processes and performance management of staff;
- When were the outcomes of the 2019 BHeard survey and outcomes of the Independent Race Equality Review likely to be available for scrutiny;
- There was concern around the overrepresentation of BAME staff subject to disciplinary procedures;
- How often in Return to Work conversations did staff cite that their absence was connected to the stress brought on by having to cover vacant posts and what was being done about this;
- It was asked whether Officers had done any detailed analysis to investigate whether there was a correlation between the number of vacancies held in departments and the absence rates within those teams – RECOMMENDATION;
- Was there any correlation between levels of stress, anxiety and depression and individuals workloads;
- How was the Council intending on reducing the average number of days off sick from Council staff (12.5 days), compared to sector average (8.5 days);
- It was commented that conversations with their staff around work related needed to be incorporated into general working practices and not just take place when a member of staff had been off sick;
- It was suggested that within future workforce dashboards, a measurement of caseloads for those services with the highest levels of sickness absence caused by stress was taken and compared to historic average levels;
- Members commented on the importance of maintaining ongoing conversations with Trade Union representatives as they were often an invaluable source of anonymised information;
- It was queried what were the intended SMART measures to determine the success of the Our People Plan, and also how would priorities be determined;
- Concern was expressed that Directorates were holding vacant posts for significant periods of time pending restructures and clarification was sought as to how much influence HR had in the timing of restructures and how this input strategically aligned to the needs of the organisation as opposed to the desire of Directorates to achieve financial savings;

- What was the intention for the 110fte budgeted posts which were on the organisational structure but currently not being recruited to; and
- What progress was being made with the recruitment to the vacant posts within Capital Programmes as it was acknowledged that there had been difficulty filling these posts.

The Interim Director HR and OD advised that addressing underperformance and suspension of employees would be picked up under the strand of 'Enabling and Supporting High Quality People Management' within the proposed Our People Plan, which included the priorities of improving and modernising the Council's HR policy framework and guidance and improving the organisation's approach to performance management by up-skilling managers, reviewing systems and processes and driving a more performance focused culture.

The Interim Director HR and OD acknowledged the points made around the need to make the Plan more explicit in terms of improving the Council's disciplinary processes, and performance management of staff.

The Committee was advised that it was intended to report to the Executive in the next few weeks with an overall summary of the outcomes of the BHeard survey results and then a programme of rolling out these results across the whole Council would follow.

The Executive Member for Neighbourhoods (who was the Executive lead for Equality) advised that the independent race equality review was completed in December 2019 and the outcomes of the review were initially being shared with the stakeholders, individuals and groups who participated in the review. In parallel, the Council's SMT and Executive and wider Trade Union membership would be considering the outcomes by the end of February 2020 to permit wider circulation of the outcomes.

The Head of HR Operations advised that in the past, it had not been common practice to collate the themes as to why staff had been off sick from the RTW interviews. Work undertaken in the last 18 months had been in the main to strengthen the compliance of Return to Works taking place and it had only been recently that the themes of staff absences had started to be collated.

In terms of absence levels, it was acknowledged that these had increased and the report highlighted some of the deep dive activity that was taking place to understand why absence levels had increased in various departments and what could be done to tackle this. It was acknowledged that the Council's current managing attendance policy did not fit across all the issues within service areas. From the information obtained from the deep dives, HR was intending on tailoring various approaches to managing attendance in different service areas to reduce current levels of absence.

The Interim Director HROD advised that work was already underway in reviewing the caseloads of those staff working in those services areas where there was high levels of sickness absence brought on by stress, and there was national benchmarks that these levels could be compared against. It was also reported that although it would

not resolve the issue completely, there had been significant recruitment in these service areas to try and address this issue.

The Committee was advised that it was fundamental that HR was integrated fully within corporate services and a number of processes had been strengthened to incorporate HR from the outset to provide a greater joined up approach to the development of various Council priorities and plans. The Interim Director HROD acknowledged the point of the need to have SMART measures in place to determine that the Our People Plan was being successfully implemented. It was also reported that restructures were predominantly led by the Service area and the point made around the timing of these was valid and was something that could be looked at more broadly.

The Head of HR Operations clarified that it had not yet been determined what was to happen to the 110fte budgeted posts which were on the organisational structure but not yet currently recruited to.

The Deputy Chief Executive and City Treasurer advised that the vacancies in Capital Programmes contained a number of technical skilled disciplines that had been very difficult to recruit to, in Manchester, not just to the Council. The number of vacancies in previous years had been much higher with a requirement on external consultancy staff to carry out these roles and there had been a significant amount of work, including the appointment of apprentices, graduate trainees and developing the relationships with the local universities to address the development of skills required and the vacancy rate and recruitment to these posts was monitored on a regular basis.

Decisions

The Committee:-

- (1) Notes the development of Our People Plan 2020/23.
- (2) Notes the levels of sickness absence across Directorate within the Council and the level of current vacancies across the organisation.
- (3) Recommends that HROD ask the performance team to do statistical analysis of the relationship between vacancy levels and sickness absence levels within individual teams to explore whether there is a relationship between the two.

RGSC/20/5 Workforce Intelligence Update and Overview of Vacancies

The Committee this item under the previous minute.

RGSC/20/6 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which contained key decisions within the Committee's remit and responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

Decision

The Committee:-

- (1) Notes the report;
- (2) Agrees the work programme.