

## **Resources and Governance Scrutiny Committee**

### **Minutes of the meeting held on Thursday, 6 September 2018**

#### **Present:**

Councillor Russell (Chair) – in the Chair

Councillors Ahmed Ali, Andrews, Barrett, Clay, Davies, Lanchbury, Kilpatrick, R Moore, B Priest, A Simcock, Watson and S Wheeler

#### **Also present:**

Councillor N Murphy - Deputy Leader

Councillor Ollerhead - Executive Member for Finance and Human Resources

**Apologies:** Councillor Rowles

#### **RGSC/18/44 Minutes**

#### **Decision**

To approve as a correct record the minutes of the meeting held on 19 July 2018.

#### **RGSC/18/45 Revenue and Benefits Unit - Annual Report 2018/18**

The Committee considered a report of the City Treasurer, which provided Members with an overview of the performance of the Council's Council Tax, Benefits and Business Rates service areas for the 2017/18 financial year. The report also provided an update on key areas of work and the welfare reform changes.

The Director of Customer Services and Transactions referred to the main points and themes within the report which included:-

- Performance in the collection of Council Tax, which included details on Council Tax support, collection of arrears, recover activity and action, enforcement agent activity, attachment of earnings orders, attachments to benefits and Increasing revenue from the New Homes Bonus;
- Performance in Benefit administration, which included details on Housing Benefit and Local Housing Allowance;
- Performance in the collection of Business Rates, which included details on increasing revenue from business rates and Business Rates relief awarded;
- Details of Discretionary Housing Payment spend against planned budget, including a breakdown of awards by tenure type;
- Details of Discretionary Council Tax Payment Scheme;
- Performance of the Council's Welfare Provision Scheme;
- Details on the welfare reform agenda and Housing Benefit administration; and
- Other achievements and activity during 2017/18, including extension of support to care leavers, changes to the Council Tax Long Term Empty Premium, fraud and error initiatives and the transition to Universal Credit

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

- The collection rate for Council Tax was impressive and would it be possible to improve on this in future years;
- How effective was the Council in learning from the success of other local authorities;
- How much was spent on chasing council tax payment from university students who had not submitted exemption forms and was there anything further that could be done to streamline this process;
- Clarification was sought as to when the Council would use bailiffs in pursuing outstanding debt owed with reference to a particular instance given;
- Did the Council have any contingency in place should all Discretionary Housing Payment funding be utilised and was there any correlation with the number of people moving into Manchester and an increase in benefit claims being made;
- What was the Council doing to identify empty homes that could be brought back into use and therefore become subject to Council Tax payment
- When did new build properties become subject to Council Tax payments;
- Did the Council have any influence in the banding of properties within the city
- Was it possible to have a breakdown of the different bandings for new build properties that had recently been built;
- How many cases of bankruptcy had there been during 2017/18;
- Was there any update on the proposed changes to Housing Benefit in relation to supported housing; and
- How was the funding framework for temporary accommodation working in practice

The Director of Customer Services and Transactions advised that improvement targets were set each year and the Council aimed to collect more council tax year on year. To achieve this the Council put in place a variety of methods, including affordable payment plans for those residents who were struggling to make payments. The approach adopted by the Council was one of proportionality based on what people could afford for those who were in financial difficulties. In terms of the Council's effectiveness compared to other local authorities, it was reported that this was not possible to compare, as local authorities had adopted different schemes.

The Committee was advised that the Council had a good relationship with the Universities and the Council used a database of registration to identify students as required to confirm eligibility to the Council Tax discount and exemption. A cost had never been attributed to chasing council tax payments from students who had failed to submit exemption forms and the Council worked closely with the Universities in issuing communications to students to try and ensure that this did not frequently occur.

In terms of the use of enforcement agents (formally referred to as Bailiffs) the Director of Customer Services and Transactions advised that the Council had taken a more informed approach to the use of enforcement agents and would not send accounts that are not deemed suitable for collection to enforcement agents. For example, where possible, recovery from earnings or benefits were set up as the preferred recovery route, even if this took some time to clear the debt. In relation to

the case referred to by the Committee, the Director of Customer Services and Transactions explained the background to the particular instance and the subsequent steps taken.

The Committee was advised that Government provided a grant amount for Discretionary Housing Payments up to an agreed threshold and any money not spent had to be returned. The Council was able to fund above this amount up to a further threshold but this was funded from the Council's budget and although demand was tailing off, as part of the budget setting process for 2017/18 an additional £1 million had been invested by the Council.

In relation to identifying empty properties that could be brought back into use and new properties being made subject to council tax, it was explained that the Council undertook a variety of activities to try and identify empty properties, which included officers going out into communities across the city. As for new properties, there was a process that involved the Valuation Office setting the council tax band upon receipt of completion notices submitted by the Council. When these properties were ready to be occupied they were placed on a temporary band until the valuation Office had made a determination and then the council tax charge was subsequently backdated. Officers confirmed that the Council had no influence in the banding of properties in and across the city.

Officer advised that they would look at what information could be obtained and provided to Members around the banding of new properties across the city. It was also reported that the Council had only dealt with a small number of bankruptcy cases in the last year and it was only a measure used on very rare occasions.

The Committee was advised that following the consultation by the DWP and DCLG in January 2018 on the proposed changes to Housing Benefit in relation to supported housing it was reported that notification had been received that government would not be proceeding with the previously proposed changes.

In terms of the funding framework for temporary accommodation it was reported that when the funding was provided from government, it was based on a snapshot in time with some forecasted growth. Unfortunately following the snapshot the demand in Manchester had risen by a higher amount than assumed by government and Manchester had a funding shortfall as a result even though this was not government's documented policy intention. The amount received from government had not been enough. The Council had notified the government of this, who had responded to advise that they could not review the awards to date but that this would be looked at in the future. To date there had been no funding received. To address the shortfall, the Council had been using its Discretionary Housing Payment funding and additional money set aside by the Council.

## **Decision**

The Committee

- (1) Welcomes the update on the performance of the Council's Council Tax, Benefits and Business Rates service areas for the 2017/18 financial year;

- (2) Requests that Officer provide the Committee with more appropriate information on the banding of new properties being built in and across the city;
- (3) Agrees that the Chair of the Committee and the Executive Member for Finance And Human Resource write to the government expressing the Council's concern in the lack of necessary funding to address the increasing demand in temporary accommodation

### **RGSC/18/46 Proposed changes to the Council Tax Support Scheme 2019/2020**

The Committee considered a report of the City Treasurer which set out proposed changes to the Council's Council Tax Support Scheme to enable the scheme to remain fit for purpose as working age residents in receipt of welfare benefits were moved onto Universal Credit. The report also sought approval to formally consult on the proposals.

The Director of Customer Services and Transactions referred to the main points and themes within the report which included:-

- The background to the current scheme, following the localisation of Council Tax Support;
- Details of Manchester's current scheme, which was based on the default provisions offered by the government in 2012 and where possible used the DWP assessment of income and needs, minimising the need for further means-testing by the local authority;
- The impact of Universal Credit in Manchester and its impact on Council Tax Support;
- Issues with aligning the scheme with Universal Credit and proposals to mitigate and respond to these issues;
- Proposed changes to the scheme which would come into effect from 1 April 2019 in respect of people entitled to Universal Credit;
- The cost of making the proposed changes to the scheme;
- Details of financial modelling and impacts of a banded scheme; and
- A proposal to go out to consultation on the proposed changes between 13 September and 31 October 2018, with the responses along with the final proposals brought back to Scrutiny Committee before approval by the Executive in December 2018.

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

- There was support in relation to the proposed changes to the scheme to enable it to remain fit for purpose as working age residents in receipt of welfare benefits were moved onto Universal Credit;
- Strong Concern was raised by Members that the scheme still supported historic changes that had been made to the scheme in 2017 to take into account the Government's welfare reform changes that affected all other means tested benefits. Specifically this was in relation to where the Council had agreed to exclude additional applicable amounts in council tax support to families where a third or subsequent child was born or joined a household on or after 1 April 2017, which aligned to the Housing Benefit rules.

- Clarification was sought as to when the above rule in relation to council tax support applied from;
- Was it possible to estimate the cost to the Council if the rule to exclude additional applicable amounts in council tax support to families with a third or subsequent child was not in place; and
- Would it be possible for the Council to reconsider its stance on this part of the scheme as part of the proposed consultation.

The Director of Customer Services and Transactions advised that the decision to enforce the provisions set out in regulations to exclude additional applicable amounts in the Council Tax Support Scheme to families with a third or subsequent child was agreed by the Executive in 2017 and there were currently no proposals to look to change this provision. The only changes proposed to the scheme that the Executive were being asked to consider were in relation to working age residents in receipt of welfare benefits who were being moved onto Universal Credit.

It was confirmed that the provision to exclude additional applicable amounts in the scheme to families with a third or subsequent child only applied to families with two or more children who had applied for support from 1 April 2017.

In terms of cost to the Council, the Director of Customer Services and Transactions advised that the provision had impacted in the region of 633 families in Manchester and had resulted in savings to the Council of approximately £2000

The Executive Member for Finance and Human Resources acknowledged the concerns that had been raised by the Committee around the capping of the payment of council tax support to families with two or more children. He clarified that the proposed changes to the scheme that were before the Committee today were in relation to working age residents in receipt of welfare benefits who were being moved onto Universal Credit, however, he advised that the provision of council tax support payments to households with two or more children could be looked at again by the Executive if the Committee felt strongly enough about this to put forward an appropriate recommendation to the Executive.

## **Decision**

The Committee:-

- (1) supports the proposed changes to the Council Tax Support Scheme in relation to working age residents in receipt of welfare benefits who were being moved onto Universal Credit.
- (2) requests, as a matter of urgency, that the Executive re-consider the current part of the scheme to exclude additional applicable amounts in the Council Tax Support Scheme to families with a third or subsequent child; and
- (3) requests that Officers submit a further report to the Committee, following the consultation period, with final proposals to the scheme prior to the Executive making its final decision.

## **RGSC/18/47 Blacklisting**

The Committee considered a report of the City Treasurer on the Council's position and actions in relation to organisations/contractors that had previously or were currently blacklisting trade union members and officers.

The City Treasurer referred to the main points and themes within the report which included:-

- The Council's position as set out in its Ethical Procurement Policy in relation to undertaking business with suppliers, service providers and contractors that unlawfully compiled, used, supplied or sold information that contained details of persons who were or has been members of trade unions or persons who were taking part or had taken part in the activities of trade unions;
- The actions that the Council could take in relation to organisations/contractors that had previously or were currently blacklisting trade union members or officers, which could include exclusion of an economic operator from a procurement process in accordance with the public procurement rules;
- Any exclusion must be considered on a case-by-case basis as a blanket ban would not be lawful;
- Exclusion needed to be justified on appropriate evidence and was not to be seen as a means of punishing operators for past wrongdoing, but rather a means of putting right past wrongdoing and ensuring that it did not re-occur;
- The concept of self-cleaning, which provided that an operator convicted of an offence would not be precluded from participating in a procurement process if it could demonstrate that it had put in place effective measures to remedy the consequences of any criminal offences or misconduct and ensure that the conduct would not recur; and
- There was no automatic right to terminate a contract where an economic operator has been or was engaged in blacklisting

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

- It was suggested that the Ethical Procurement Sub Group may want to add a report to its work plan to look at whether the Council's Ethical Procurement policy had appropriate Trade Union/whistleblowing recognition within in it or whether this was an area that requires strengthening;
- How could the Committee be satisfied that the companies who had submitted bids for the Town Hall Management Contract had undertaken appropriate self-cleaning measures;
- Who would be responsible for making the final decision on whether the self-cleaning evidence submitted by the companies who had submitted bids for the Town Hall Management Contract was sufficient;
- There appeared to be a contradiction within the self cleaning regime in so much as an operator could be excluded from a procurement process on evidence of an admission of wrong doing, but the concept of self-cleaning required potential suppliers to explain how it had breached the grounds for exclusion and what action they had taken to remedy; and
- The report was lacking in terms of what action the Council had taken in relation to any organisation it had previously contracted or were currently contracting

that had or were blacklisting trade union members and officers and examples of action taken were requested.

The Executive Members for Finance and Human Resources advised that the Council's Ethical Procurement Policy already contained appropriate Trade Union/whistleblowing recognition but if Members felt that this was something that the Sub Group should look at in more detail then this would be welcomed.

The Committee was advised that in terms of the Town Hall procurement process, statements of self-cleaning had been submitted from the two organisations who were bidding for the contract. The Council could also request further evidence of self-cleaning if it was not satisfied with what had already been provided. A view from the City Solicitor would need to be sought as to whether it would be appropriate to share all or part of this information with the Committee at the current stage in the procurement process.

The City Treasurer advised that the final decision on whether the self-cleaning evidence submitted was sufficient would be taken by the appropriate senior officer, based on guidance formed from a variety of other officers from within procurement, finance and legal services.

Officers advised that the highlighted contradiction in the self-clean regime would be looked at and clarification would be provided to members of the Committee.

In terms of examples of actions that the Council had taken, Officers suggested that this could be reported to the Ethical Procurement Sub Group as part of the report on appropriate Trade Union/whistleblowing recognition it had suggested.

The City Solicitor commented that in relation to blacklisting, the Council need to act in a proportionate manner and assess the particular circumstances on a case by case basis as there were a number of procurement rule situations required to follow.

The Chair highlighted that there was a strong feeling by the Committee that the Ethical Procurement Sub Group should look at the issue of Trade Union relationships and Council contracts in greater detail and proposed that a report on this was added to the work programme for the sub group which could possibly include discussions with Trade Unionists.

The Executive Members for Finance and Human Resources reassured the Committee that the Council undertook regular dialogue with Trade Unions on many issues and that the concerns raised by Members would be taken into consideration.

## **Decision**

The Committee:-

- (1) Notes the report;
- (2) Agrees that a further report is referred to the Ethical Procurement Sub Group to look at whether the Council's Ethical Procurement policy has appropriate Trade

- Union/whistleblowing recognition within in it or whether this was an area that requires strengthening; and
- (3) Requests that the City Solicitor provides a view on whether there is a contradiction within the Council's self-cleaning regime as identified by the Committee.

### **RGSC/18/48 Our Town Hall Project - Management Contractor Procurement**

The Committee considered a report of the City Treasurer, which provided Members with an update on the procurement of a Management Contractor for the refurbishment and partial restoration of the Town Hall and Albert Square under the Our Town Hall (OTH) project.

The City Treasurer referred to the main points and themes in the report which included:-

- The procurement process was formally launched on 13 February 2018 with the issue of the Contract Notice via the Chest, accompanied by the full suite of procurement documents in line with the OJEU regulations;
- A total of six potential Management Contractors registered and downloaded the documents from the Chest, however only two organisations returned a Selection Questionnaire on 19 March 2018;
- Following evaluation of the Selection Questionnaires, Laing O'Rourke and Lend Lease were invited to submit Outline Solutions by 10 July 2008. These were evaluated prior to the issue of the Invitation to Continue Dialogue, on 6 August 2018
- This stage presented the Council with the opportunity to meet the bidders and provide feedback to bidders on their outline solution, and to enable the bidders to test their understanding of the Council's requirements;
- At all stages of the dialogue process, the objective was to enable the bidders to develop their best possible solution for the Council;
- A second week of dialogue meetings was planned for week commencing 10 September 2018 and would comprise of a series of detailed meetings and workshops, at which each bidder would present further details on their proposed solutions;
- It was intended to formally close the dialogue period on 21 September 2018, subject to having reached the point at which the Council was confident that the bidders had developed solutions that met the project requirements; and
- Final bids would be submitted in October followed by evaluation prior to the selection of the Preferred Bidder. The appointment of the management contractor was is scheduled for late November/early December 2018.

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

- It was hoped that the successful appointed contractor would adopt and follow the Councils blacklisting policy;
- Clarification was sought as to whether the final decision in relation to accepting the evidence of self-cleansing as sufficient (submitted from the two bidders) had been made and if not, could this be considered by the Scrutiny Committee before the decision was taken and by who

- Could the Committee or the Ethical Procurement Sub Group be provided with the evidence of self-cleansing that had already been submitted by both bidders;
- Clarification was sought on the difference between refurbishment and partial restoration of the Town Hall;
- Could officers take account of the Committees previously expressed views in relation to blacklisting and self-cleaning, and ensure with greater vigour that appropriate evidence has been submitted before the appointment of a management contractor is made;
- A Member proposed that it would be appropriate for the Officer tasked with making the final decision on whether the self-cleansing evidence submitted by the two bidders was considered sufficient addressed a democratically accountable body of the Council to justify the decision before it was made; and
- Would the successfully appointed contractor be responsible for overseeing the construction works packages and if so would they be expected to adopt the appropriate Council policies and procedures.

The Deputy Leader commented that he acknowledged the concerns raised by Members in relation to self-cleansing and blacklisting and suggested if any Members had evidence that appropriate self-cleansing had not taken place that this should be reported.

It was explained that the parts of the Town Hall that held historic value would be restored back to their original state and in the main this related to the ground floor and level 1 of the Town hall. The higher floors did not hold as much historical value so it was intended that these would be refurbished to bring them into fit and proper use.

Officers confirmed that there were still opportunities to challenge the evidence of self-cleansing submitted to date from both bidders as no decision had been taken as to which of the bidders would be appointed. An assurance was given to the Committee that appropriate vigour had been and would continue to be applied throughout the remainder of the procurement process.

The City Treasurer commented that the Town Hall project was the most significant construction project the Council had embarked on and there were a number of serious considerations that needed to be taken into account to ensure the appropriate contractor was appointed. There was heavy importance on social value and ethical considerations but also financial viability and ability to deliver the final outcomes of the project. There were some pertinent points around the responsibility for the procurement of the packages of work that sat under the management contractor and the policy that was to be followed in procuring these. In addition, the City Treasurer advised that final decision to appoint the management contractor would be a key decision taken by the Executive.

The City Solicitor advised that a legal view would need to be formed as to what information could be shared with Members at the current stage of the procurement process. The City Treasurer also advised that under procurement legislation there were a number of issues that needed to be taken into account that were evaluated by an officer evaluation panel and it would be this panel that would submit a recommendation that would form the key decision for the letting of the contract.

Officers advised that the successful bidder would be required to oversee the construction works packages and in doing so would be expected to adopt the appropriate Council policies and procurement procedures.

### **Decision**

The Committee:-

- (1) Notes the report; and
- (2) Agrees that as part of the report to be referred to the Ethical Procurement Sub Group on blacklisting, the Chair of the Scrutiny Committee is given discretion as to the level of detail that is contained within the report in relation to the appointment of the management contractor for the Town Hall, taking into account appropriate commercial considerations.

### **RGSC/18/49 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.

A request was made for the possible inclusion of a report on the Committees Work programme on the Value form the Public Realm and the Council's expenditure on this.

The Chair also advised that she would be requesting a report for the next meeting on the overspend in the Children's Services budget.

### **Decision**

The Committee:-

- (1) Notes the report.
- (2) Notes that the Chair will discuss the above item with the Member who suggested it in more detail; and
- (3) Notes the report requested on the overspend in the Children's Services budget for Octobers meeting.