

Resources and Governance Scrutiny Committee

Minutes of the meeting held on Tuesday, 21 July 2020

Present:

Councillor Russell (Chair) – in the Chair

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

Also present:

Councillor Leese, Leader

Apologies: Councillor Ahmed Ali

RGSC/20/28 Minutes

Decision

The minutes of the meeting held on 23 June were approved as a correct record

RGSC/20/29 Update on COVID-19 activity

Further to Minute RGSC/20/26 (Update on activity under COVID 19), the Committee considered a report of the Deputy Chief Executive and City Treasurer, which provided a further update of the current situation in the city in relation to COVID-19 and an update on the work progressing in Manchester in relation to areas within the remit of the Committee.

The main points and themes within the report included: -

- An update on the phased physical return to work of Council staff and what future ways of working would potentially look like;
- Details of the progress and re-scoping of the Our Transformation strategy to ensure it supported the delivery of wider future Council objectives;
- The programme of work underway within ICT to support the new ways of working including infrastructure and capacity, end user device and telephony; and
- An updated position of the impact of COVID-19 on the Council's finances and budget.

Some of the key points that arose from the Committee's discussions were: -

- In terms of Our Ways of Working, how far along was the Council in determining numbers of staff who would continue working from home;
- Was the roll out of new ICT equipment and the move to Microsoft 365 still going ahead as planned and within the planned timeframe;

- It was asked whether there was any clarity on the methodology used for the second tranche of government funding;
- Further information was requested on the anticipated funding that the Council was hoping to receive to deliver the “shovel ready” schemes within the recovery plan of the Capital Programme;
- What projection did the Council have as to the percentage of pre-COVID19 Business Rates collection it was hoping to achieve;
- Members welcomed the trial by Money Advice Pension Service on the availability of independent debt advice and commented that they would like to support the publicising of this;
- Was there information that could be shared with Members on a breakdown of the nature of businesses that had received Business Rate support and where these businesses were located in the city;
- Was there any information on the take up of additional grants for Nurseries;
- Was there any estimate on the proportion of businesses that had still not applied for Business Rates support;
- Were any assessments being undertaken on the number of people over the next two years that would have difficulty paying their Council Tax and what impact this would have on Council finances;
- It was suggested that information on Council Tax support and debt advice was also shared with organisations such as the Citizen’s Advice Bureau to ensure consistent advice was given; and
- Had any communications in community languages been undertaken in regards to Council Tax support.

The Leader advised that the recent staff survey picked up on the fact that the majority of staff who were currently working from home were happy to continue to do so for the time being, but it had been identified that staff’s health and wellbeing had been impacted upon since working from home. It was anticipated that going forward there would be flexible working arrangements for staff to enable them to work part of the week at home and part of the week physically in work. In terms of the move to Microsoft 365, the Deputy Chief Executive and City Treasurer commented that the move was still going ahead and was currently being tested within ICT before being rolled out to other service areas.

The Deputy Chief Executive and City Treasurer explained that the methodology being used for the second tranche of funding was on a per capita basis. For the recently received third tranche the method used to determine the level of additional government funding took into account population, deprivation and some elements of the foundation formula. Government had shared the full formula with the Council and it had been reassuring to see that deprivation was a driver of spend.

The Leader commented that £52 million of funding had been received for a number of Combined Authority schemes, two of which were located in Manchester, which totalled £31 million.

The Deputy City Treasurer advised that the Council was currently forecasting that Business Rates collections were approximately 19% down on pre-COVID19 figures although due to deferrals early in the year it was difficult to draw any conclusion from this and this position was improving each month. For the overall financial year the

Council was forecasting a 10% reduction in the collection of Business Rates which equated to around £23.6million. She also advised that a breakdown of the nature of the businesses that have been supported with their Business Rates on a constituency level could be provided to Members.

The Director of Customer Services and Transactions advised that in terms of Nurseries, the Council was able to pay full relief to non-Manchester nurseries or where the Council didn't pay their business rates, which equated to approx. 91 nurseries and equated to just over £1million. There was also another group of nurseries that had a rateable value below £15,000 that were able to claim a grant of £10,000 and then for those nurseries that didn't qualify for this grant, 10 nurseries were able to claim £5,000 through the discretionary scheme.

The Deputy Chief Executive and City Treasurer commented that the Council had been working hard to get in touch with all businesses to make them aware of the Business Rate grant support available to them and advised that payment rates were at approximately 90%.

In terms of Council Tax and Council Tax support it was reported that the Council was looking at these arrangements, which included the smoothing of the Council Tax deficit over three years and some form of risk share on the collection fund position, but was awaiting the outcome of the Comprehensive Spending Review before any final decisions could be made. It was acknowledged that there would be an increase in the demand for Council Tax support in future years due to the impact of COVID19. Furthermore, the Deputy City Treasurer highlighted that the Council was currently anticipating a 6% shortfall in Council Tax collection. This, plus the full year effect of the Council Tax Support Scheme and increases in bad debt provision was resulting in the Council looking at a potential shortfall of £20million in Council Tax collection.

Decisions

The Committee:-

- (1) Notes the update.
- (2) Requests that a breakdown of the nature of the businesses that have been supported with their Business Rates on a constituency level be provided to Members.

RGSC/20/30 Global Monitoring report

The Committee considered a report of the Deputy Chief Executive and City Treasurer which outlined the projected outturn position for 2020/21, based on spend and income as at the end of May 2020 and future projections.

The main points and themes within the report included:-

- An overview of COVID-19 financial implications, which included a forecasted outturn position of £5.476m deficit which was anticipated to be balanced by government funding;
- Details of additional Central Government funding for COVID-19 response;

- An overview of the overall forecast financial position 2020/21;
- Measures that would be taken to balance the budget in 2020/21; and
- Proposals for the use of budgets to be allocated, grants in addition to those already planned, proposed virements, increases to Directorate budgets and the use of reserves in addition to that already planned, which all required Executive approval.

The report and proposals contained within would also be considered by the Executive at its meeting on 29 July 2020.

Some of the key points that arose from the Committee's discussions were:-

- Was the £4.837million allocated to rolling out of a local Test and Trace programme sufficient
- Would local authority staff be included in the recent announcement by government of public sector worker pay rises and if so would this be built into the Council's projected budget;
- It was suggested that the Council pro-actively communicate with Manchester residents on the true impact of COVID19 on the Council's future financial arrangements;
- What, if any, assurance was being given by the Government that they would be reimbursing the Council for the costs it had incurred in tackling the impact of COVID19;
- Was there any indication that there would be financial support from Government from the loss of revenue income from Manchester Airport;
- It was concerning that the deficit of approximately £19 million within the HRA would result in the level of reserves being exhausted over the course of the next three years;
- Why was there such a significant underspend in terms of the Children's budget for No Recourse for Public Funds (NPRF), how many children in the city were within families with no recourse to public funds, was it considered generally appropriate to treat this underspend as a saving given the doubt recently cast over the legality of the NPRF scheme, and had any equality impact assessments been undertaken in using this underspend as a potential saving;
- Concern was expressed that savings were being proposed around unaccompanied Asylum Seeking Children and clarification was sought as to how these savings were being proposed; and
- Were any additional resources going to be provided to support the Section 21 Team when the suspension of evictions ended on 23 August 2020.

The Leader advised that the £4.837million was allocated for the tracing element of the project as the funding for the testing element was separate from this amount. He added that this money was adequate in so much as it covered cost until the end of the year, but further funding would be required to continue beyond the end of the year. In terms of the recent government announcement of pay rises to public sector workers, he advised that it would not include local government workers, but what was not clear was whether the pay rises would be fully funded by the Government, as in previous occasions it had not been and had been left to local authorities to make up the difference.

The Committee was advised that there was no assurance coming from Government that they would reimburse the total expenditure the Council had made in tackling the impact of COVID19 and that their position on funding to local authorities from the start of the outbreak had changed from supporting no matter what to sharing the burden of cost.

The Deputy Chief Executive and City Treasurer reported that the Government had not to date provided any financial support to the Council for the loss of revenue income from Manchester Airport. The Leader added that the Council would continue to lobby the government on this issue as the real financial impact of this loss would not be felt until the 2021/22 financial year.

The Deputy City Treasurer commented that the forecasted £18.961million deficit on the HRA was not attributed to the impact of COVID19, and was in relation to planned investment in capital works in the HRA which would be funded through reserves. The COVID19 impact on the HRA was closer to approximately £2million.

The Deputy Chief Executive and City Treasurer agreed to provide a response to the questions posed around No Recourse to Public Funds following the meeting. The Leader added that the Council, through the LGA, regularly lobbied government about the inadequacy of the amount received to support adults with NPRF.

The Deputy City Treasurer advised that the underspends around unaccompanied Asylum Seeking Children would be achieved through additional grant funding from Government. This would now cover some of the additional costs in this area that the Council had been expecting to have to fund at the time the budget was set.

The Leader commented that he received a weekly report from the Council's Homelessness team which was reporting an increase in referrals from families and individuals, but the reason for this was not due to evictions. Government had announced national funding to tackle homelessness but it was not clear how the Council could access this at present.

Decisions

The Committee:-

- (1) Notes the report
- (2) Places on record its dissatisfaction with Government for its failure to recognise all key workers in its announcement of public sector pay rises, including local authority staff, who have been and continue to work tirelessly throughout the COVID19 pandemic
- (3) Requests that the Committee is provided with a briefing note on the questions asked around No Recourse to Public Funds.

RGSC/20/31 Overview Report

The 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.

Decision

The Committee notes the report.