

Resources and Governance Overview and Scrutiny Committee

Minutes of the meeting held on 10 February 2011

Present:

Councillor Watson - In the Chair
Councillors Bhatti, Clayton, B Fisher, Glover, Keegan, Lone, Morrison, E Newman, Sandiford and Trotman.

Councillor Priest - Executive Member for Finance and Human Resources
Councillor Smith - Assistant Executive Member for Finance and Human Resources

Apologies

Councillors P Murphy and Swannick

RG/11/13 Urgent Business

Reports relating to the Financial Settlement with Government, Business Planning and the new Traffic Signals Maintenance Contracts were submitted as urgent business.

Decision:

To note the Chair's decision to accept the items as urgent business.

RG/11/14 Minutes

Minutes of the meeting of the Committee held on 13 January 2011 and the meeting of the Human Resources Subgroup held on 25 January 2011 were submitted for consideration.

Decision:

1. To approve the minutes of the meeting of the Committee held on 13 January 2011 as a correct record of the meeting.
2. To note the minutes of the meeting of the Human Resources Subgroup held on 25 January 2011 and to endorse its recommendations.

RG/11/15 Information and Overview Report

A report of the Governance and Scrutiny Support Unit was submitted. The report included extracts from the Forward Plan, this provided an overview of the major financial decisions the Council would be taking over the next four months which related to the Committee's remit. The report also included responses to

recommendations made by the Committee at its previous meetings and the Committee's current work programme.

The report included a note for information setting out the comments ward councillors had made about the review of community facilities across the city. Members noted that the last three paragraphs in the Old Moat section actually referred to facilities in Chorlton Park ward.

Members noted that at the Committee's next meeting they would be looking at business plans which cover services that do not normally fall within the Committee's remit. The Committee noted that its role would be to look at how the service was planning to make necessary savings and develop its workforce to support its operation within a more restrictive budget in the future.

Members noted that, at the special meeting on 28 February 2011, the Committee would comment on the Executive's proposed budget and any proposed alternative budgets. They would receive a summary of responses to the budget consultation. The City Treasurer advised that comments or enquiries from the public after the closure of the budget consultation would still be responded to, but could not be taken into account when deciding the budget.

Decision:

To note the information in the report and to agree the current work programme for the Committee.

RG/11/16 Financial Settlement with Government

A report of the City Treasurer was submitted setting out the Final Financial Settlement with Government and the indicative allocations for 2012/13. The City Treasurer introduced the report and advised members that the final settlement contained only a few revisions from the draft settlement. Overall, the amount of savings the Council needed to make had decreased from £111 million to £110 million.

A member commented that the final settlement did not contain any substantial revisions from the draft settlement and that there was little evidence that the Council's response to the settlement had been taken into account. He asked the City Treasurer to comment on whether increasing capitalisation would be a beneficial option for the Council.

The City Treasurer advised that capitalisation would only allow the Council to fund some services from its capital budget that would otherwise be funded through the revenue budget. This would lessen the short-term impact of funding reductions, but increase the long-term impact. £200 million had been made available for local authorities across the country for this purpose, and so Manchester's share of this amount could not make a great impact on the level of savings required. Capitalisation may be a more attractive option for local authorities which did not hold sufficient amounts of reserves to fund the voluntary retirement and severance schemes needed to reduce their workforces.

The Chair asked the City Treasurer if he could respond to the comment made by Grant Shapps MP on the Newsnight programme that the Council had miscalculated its budget requirements and was making savings above the level of those required by the settlement. The Treasurer advised that no miscalculation had taken place; Mr Shapps MP had been referring to the new spending power measurement which the Government had introduced, which had dropped by around 16%. The Council was required to calculate its budget for the next year, which would require savings of 25% in order to achieve a balanced budget. The reduction in the budget took into account a number of factors which the measurement of spending power did not, this included the reduction of Area Based Grant during 2010/11, National Insurance increases, carbon reduction tax, increasing pension costs, an increase in the waste levy as well as additional resources to meet service pressures that had to be allocated for such services as social work and highway maintenance following the severe winter weather.

The Chair requested that the Treasurer's explanation of the differences between the spending power measure and the measure of savings required in the budget be circulated to all members of the Council.

Decision:

To note the final financial settlement with Government and to request that the City Treasurer's explanation of the differences between the spending power measure and the measure of savings required in the budget be circulated to all members of the Council.

RG/11/17 Business Plans: Legal Services

A report of the Deputy Chief Executive (Performance) and City Treasurer was submitted providing the Committee with an update on the business planning process and the business plans the Committee had requested.

The Head of Legal Services and her management team introduced the various elements of the Legal Services business plan. The service was due to face a large workload over the coming years as it supported the Council to react to new legislation, including proposals under the Education and Localism Bills.

The service area was looking to respond flexibly to the voluntary severance and voluntary early retirement schemes; it would assess each application under these schemes on its merits and judge whether the post could be deleted. Skills transfer exercises were planned to reduce the impact of the loss of skills from the section. A member asked how much money was spent commissioning external legal services, the Head of Legal Services advised that she would make this figure available to the Committee.

The service was undertaking a joint review with Salford Legal to identify opportunities for delivering legal services across Manchester and Salford more efficiently. A member asked whether there was scope for greater collaboration across Greater Manchester to realize efficiencies and reduce external legal costs. The Head of

Legal Services advised that regular meetings with colleagues across Greater Manchester took place and collaborative measures were discussed. Once more was known from the Salford Legal pilot about how successfully legal services could be shared in such a way, a view would be taken about whether further collaboration would be beneficial. The member commented that he felt that the service was not reacting quickly enough to opportunities for collaboration and the danger of losing skills across the sub-region.

A member commented that the business continuity plan had not been fully completed. The Head of Legal Services advised that she was currently seeking advice from the Council's central business continuity team on business continuity arrangements for the section. The Chair requested that the table be revised once these discussions had taken place.

A member asked how the service chose when to settle cases out of court and when to pursue litigation. The Head of Neighbourhood Services (Legal) advised that risk registers were maintained for each case and shared with the appropriate strategic director to support good decision making taking costs, likely outcome and reputation into account.

The Chair asked how often the service's risk register was updated and whether the management team felt that they contributed to good risk management practices being spread across the Council. The Head of Regeneration (Legal) advised that this was carried out quarterly, and the revised register was provided to the City Solicitor so that she could oversee the severity of the risks facing the Council. He added that as the risks in the plan usually related to the work of another Council section the risk register was developed in collaboration with a number of service managers across the Council. The register also took account of the Council's overall risk register to ensure that foreseeable risks were not omitted from either register.

The Chair supported this approach and requested that the risk management section of the plan be amended to reflect more fully the service's role in contributing to risk management across the Council.

Decision

1. To note the business plan and the strength of the section's workforce plan and risk register.
2. To request that the business continuity plan be revised to reflect the section's business continuity management arrangements once discussions with the central business continuity section have taken place.
3. To request that the risk management section be amended to show the contribution the section makes to spreading good risk management practices across the Council.
4. To request that the Head of Legal Services provides the Committee with the level of expenditure on commissioning external legal services.

RG/11/18 Business Plans: Democratic and Statutory Services

A report of the Deputy Chief Executive (Performance) and City Treasurer was submitted providing the Committee with an update on the business planning process and the business plans the Committee had requested.

The Head of Democratic and Statutory Services introduced the various elements of the Democratic and Statutory Services business plan. She highlighted that the coalition Government's programme of legislation had presented the service with a heavy workload. This included changes to covert surveillance regulations, the introduction of individual elector registration, changes to members' interests and a number of future referenda. The service was also heavily involved in the establishment of the Combined Authority and its constitutional arrangements.

Following a revised approach to the electoral canvass, over 10,000 additional electors had been added to the role. Following this success the Council had been chosen as part of a government data matching pilot to access a range of information from partners so that the Council can add further electors to the role.

A member commented that he was aware that there were a number of entries in the electoral roll that he believed had been added fraudulently. This included where unusually large numbers of electors were registered at a single property. The Head of Democratic and Statutory Services advised that there had been no power until recently to remove people from the electoral roll, now that a power had been introduced some removals were being pursued however a lengthy and costly legal process was involved. She advised that electoral fraud was the responsibility of the police to investigate.

Considering the workforce plan, a member asked what scope the service had to reduce its workforce from its current level, 101. The Head of Democratic and Statutory Services advised that the scope to reduce the workforce was limited given the large breadth of new legislation being introduced, however the budget proposals for the service did identify posts to be deleted.

Turning to the risk register, a member asked how the risk of dependency on income from citizenship ceremonies had arisen. He was advised that Manchester had established a position where it could perform a large number of citizenship ceremonies and substantial income had been generated from this. Other local authorities were trying to raise income in this way and were aiming to compete with Manchester in this area, if they were successful this could lead to a loss of income.

The Chair asked whether risk management was fully embedded in the service. The Registration and Coroner Services Manager advised that each team in the service area looked at their risk register in their own team meetings, and the service's register was looked at in the service's senior management team meeting. Support and advice was proactively sought from the civil contingencies and audit and risk management sections.

Decision

To note the business plan and the strength of the service's risk management and business continuity sections.

RG/11/19 Review of AGMA Funding

A report of the Deputy Chief Executive (Performance) was submitted informing the Committee about the review of funding for the Association of Greater Manchester Authorities (AGMA). The review had been carried out to support the strategic priorities in the Greater Manchester Strategy, the report included details of how the review would affect the business planning of the AGMA authorities. The City Treasurer introduced the report and commented that there was no overall increase in costs following the review to any of the ten Manchester authorities.

A member noted that the AGMA budget proposals 2011/12 breakdown included 2011 sub-national population projection as well as the mid 2010 population, and asked which of these figures had been used in calculating contributions. The City Treasurer advised that he would report back to the Committee on this matter.

Decision

To note the report.

RG/11/20 Traffic Signals Maintenance Contract

A report of the Strategic Director, Neighbourhood Services was submitted informing the Committee of progress on the procurement of a new traffic signals maintenance contract. The report also advised the Committee that the Chair would be asked to exempt the decision to agree the contract from the call in process so that it could take effect from 1 June 2011.

A member noted that some suppliers had decided not to submit tenders for the contract because of the high level of competition and asked if the level of details required were so high that they would reduce competition for the contract. The City Treasurer advised that the level of detail required was typical for a competitive dialogue approach, and usually only two or a maximum of three bidders would enter the qualifying stage because of the costs involved in maintaining a bid.

The Chair recommended that the Committee add an item to their work programme for next year to look at the competitive dialogue procurement model and the extent to which it represented an attractive model for the Council to use and whether it could be used to make savings.

Decision

1. To note the progress on the procurement of the contract and to add an item to the Committee's future work programme on the operation of the competitive dialogue procurement model.
2. To note that the Chair of the Committee would be asked to exempt the key decision from the call in process.

RG/11/21 Treasury Management Strategy Statement and Borrowing Limits and Annual Investment Strategy 2011-12

A report of the City Treasurer was submitted setting out the proposed Treasury Management Strategy Statement and Borrowing Limits for 2011-12 along with Prudential Indicators for 2011/12 to 2013/14. The Treasury Management Strategy was due to be submitted to the Executive for approval on 16 February and the Committee was asked to submit any comments it had on the strategy.

The City Treasurer introduced the report and said that there were uncertainties around the manner in which HRA debt would be dealt with given the proposed changes to the HRA system. The Council's Treasury Strategy would need to remain flexible whilst assessing the impact of the proposed repayment of £273m of housing debt (out of current housing debt of £441m), of which only £200m was currently held as PWLB debt. The proposals for doing this were under development and would be reported to the Committee in the future.

In addition the Council was looking to ensure its cash was secure and accessible rather than risking financial returns on long term investments. The Council would continue to keep its money in UK banks rather than investing in banks overseas. The City Treasurer advised the Committee that it would be easier to monitor the financial climate in the UK, and take any necessary action to safeguard the Council's funds, than have to monitor the financial climates across a range of countries. The Committee agreed that this would support prudent financial decision making.

A member noted that authorised limits for external debt would decrease from £1,139 million in 2011/12 to £1,103 million in 2013/14 and commented that if current levels of debt were maintained this would not leave the Council much flexibility in borrowing any more money. The City Treasurer agreed to revisit the Treasury Indicators and ensure they allowed the Council sufficient flexibility.

The Chair noted that the outcomes of the proposed Housing Revenue Account reform were still unknown but could have a significant effect on the Council's treasury management approach. She suggested that the details of the reform and its impact on treasury management should be reported to the Executive.

Decision

1. To recommend the proposed Treasury Management Strategy to the Executive.
2. To recommend that the City Treasurer ensures that the revised authorised limits for external debt allow the Council sufficient flexibility in the future.
3. To recommend to the City Treasurer that he informs the Executive of the details of the proposed Housing Revenue Account reforms and how this will affect the Council's treasury management strategy.