

Resources and Governance Overview and Scrutiny Committee

Minutes of the meeting held on 11th December 2008

Present:

Councillor Watson – In the Chair.

Councillors Bhatti, Clayton, Glover, Jones, Morrison, P. Murphy, Sandiford, Smith and Trotman.

Present by Invitation:

Councillor Priest, Executive Member for Finance and Human Resources

Councillor Andrews, Executive Member for Neighbourhood Services

Councillor Cowell, Executive Member for Environment

Councillor Amesbury, Executive Member for Arts and Leisure

RG/08/55 Minutes

Decision

To approve the minutes of the meeting held on 13th November 2008 as a correct record.

RG/08/56 Urgent Business

The Chair informed the Committee that she had consented to the submission of an additional item in relation to the business transfer in respect of Manchester Care, and to this being considered in the private part of the meeting.

Decision

To agree to this item being considered as urgent so that the Committee can consider the most up to date information about decisions taken in relation to the use of Council resources to support the business transfer of Manchester Care.

RG/08/57 Information and Overview Report

A report of the Chief Executive was submitted providing information about relevant issues affecting the Committee's remit, tracking the implementation of previous decisions and reviewing the forward work programme.

Members welcomed the revised version of the Manchester Partnership Communications report and thanked the officers for their cooperation in revising the original.

Reference was made to a number of key decision relating to the disposal of Council land for redevelopment and a member suggested that the strategic approach to the disposal of such sites may need to be re-visited in the light of the economic recession. The Head of Property indicated that regeneration colleagues were always consulted about the outputs sought from the disposal of each site and the approach to disposals was already responsive to perceived market downturn in terms of certain types of development, in response to which the offer of certain sites had been mothballed. She agreed to report to a future meeting setting out the strategic approach being pursued in the light of the economic recession and members accepted that this report might need to be considered in the private part of a future meeting due to the commercial sensitivity of some information.

The Committee also requested the City Treasurer to report on the influences of the recession and credit crunch on the Council budget. The City Treasurer suggested that this would best be approached as part of the budget setting process for 2009/2010 so that issues could be placed in context with budget proposals.

Decision

1. To note the report.
2. To request the Head of Valuation and Property to report to a future meeting setting out the strategic approach being pursued to Council land disposals in the light of the recession.
3. To request the City Treasurer to report as part of the budget setting process for 2009/2010 on the influences of the recession and credit crunch on the Council budget.

RG/08/58 Annual increase in communal domestic heating system charges

The decision of the Executive on 19th November 2008 to approve a 31% increase for all heating and related charges with effect from 5th January 2009 had been called in under paragraph 13 of the Overview and Scrutiny Procedure Rules in the Council Constitution.

The terms of the call in were that *“this report recommended increasing heating charges by 31% from the start of January, which would balance the heating budget by the end of the financial year. The projected surplus on the Housing Revenue Account, as reported to the October Executive Meeting, to the end of the financial year is £6.738m. Given we have subsidised the heating account from the HRA in the past, why can't some of this £6.738m surplus be used to reduced the planned increase in heating prices.”*

The Chair reminded the members of the Executive present that whilst they had a prejudicial interest in the matter before the Committee, on this occasion the

Committee required them to remain in the meeting so as to enable the requirements of Section 21(13)(a) of the Local Government Act 2000 to be properly fulfilled.

Councillor Ashley was then invited to address the Committee in support of the grounds upon which the decision had been called in. He urged a more flexible approach to the imposition of increased charges by offsetting the scale of charges proposed using some of the accrued balances on the Housing Revenue Account. This he argued would help people who were already struggling financially in the current recession.

Officers responded to members' questions regarding the projected balance on the Housing Revenue Account for the 2008/2009 financial year. The Committee heard that the balances were already earmarked to support PFI initiatives, stock transfers and other initiatives that would benefit Council house tenants generally. The Committee was provided with information that showed that the average increase in gas bills in the year to October 2008 for domestic users was 51%, the figure of 31% for Council tenants in communal heating schemes being therefore significantly lower than that faced by other people in the city. .

Members made reference to the pressure that government was placing on energy companies to pass on to consumers the benefits of current reductions in fuel costs, and assurances were sought that the Council would set an example to energy suppliers by transparently passing on benefits to consumers. The Executive Member for Finance and Human Resources indicated that any significant reductions in energy costs to the City Council would be passed on in the calculation of charges for the following financial year.

A motion to refer the Executive's decision to the full Council was not carried, this motion was defeated on the casting vote of the Chair.

Decision (carried on the casting vote of the Chair)

To endorse the decision of the Executive.

(Councillor Ashley declared a personal interest in the item as a member of the Shadow Board of Eastlands)

RG/08/59 City of Manchester Stadium – income profile and development of Sport City

To update the Committee on how revenue from the City of Manchester Stadium Rental Agreement is being invested to support the development of Sportcity.

The report outlined the way in which the Council was using sport to support the regeneration of the social and community infrastructure, and to underpin sustainable communities. This work was linked to the development of a strong and sustainable community sports network, directly supporting an increase in sports participation through an extensive range of community, club and elite programmes at Sportcity. In

2006 the largest national participation survey ever undertaken revealed that 21.23% of Manchester's residents were achieving the government's benchmark of three 30-minute sessions of moderate intensity exercise per week compared to 20.6% regionally. In addition, comparable studies undertaken in 2004 and 2007 for young people, which measured participation rates amongst 13-14 years olds, revealed that Manchester was making significant progress in the development of sport. Whilst welcoming these outcomes members emphasised the importance of replicating the successes with young people across other age groups, and highlighted the importance attached to supporting and investing in local sports clubs. Members were pleased to note the work currently being done in relation to the possible development of a BMX cycling centre as part of the Velodrome complex.

The Committee noted that revenue generated from the City of Manchester Stadium Rental Agreement that enabled Sportcity to be established as an important national and regional centre with 647,481 recorded user visits in the last year, In terms of economic impact the Committee noted that there were some 233 full time equivalent jobs at Sportcity, one of the highest concentrations of sport related employment in the country. The majority of jobs were highly qualified in sports related disciplines, management and administration. This direct effect was however only a small proportion of the total economic benefits. When all expenditure was taken into account, including expenditure by visitors to events, the employment impact increases to 436 full time equivalent jobs and contributes some £17.352m to annual GVA.

Members commented on the volatility of the rental agreement in terms of significant fluctuations in crowd numbers for various events, and urged that this should be a key consideration in the negotiations around a review of the agreement. Officers outlined the scope of on-going review of the Stadium rental agreement and it was agreed that a further report should be submitted once these negotiations were complete.

Decision

1. To note the report; to recognise the significance of Sportcity as a focus for sporting excellence in the city region and as a catalyst for introducing young people to sport, and, to this end, the Committee, envisaged that the current negotiations around the rental agreement for the Stadium would further improve that offer and provide a platform for sustained investment.
2. To request the officers to present a further report when the negotiations are concluded.

RG/08/60 Corporate property

The Committee considered a report of the Head of Valuation and Property reviewing the performance of Corporate Property following partial externalisation of the service, and to gauge the impact on service improvement to date; updated members on the progress to date on Asset Management of the Council's operational portfolio, and

updated the Committee on progress on DDA (Disability Discrimination Act) audits of Operational Property.

In relation to the DDA Audit officers confirmed that a separate review of buildings funded by the Council for use by voluntary organisations was also being undertaken.

Discussion ensued about the Council's past performance as custodian of public assets, and situations where assets have deteriorated to the point where the cost of remedial works exceeded the market value of those assets following the completion of such works. Members concerns were that the estimated £50.5M of required maintenance identified as part of the Asset Management Plan in respect of operational buildings represented a significant challenge in the context of economic recession. Officer highlighted that £10M was being committed annually to support backlog maintenance and DDA works.

Decision

1. To note the progress made in all areas, to endorse the approach to continuing to improve the service provided by Corporate Property, and to agree that a further report with detailed statistical information regarding partial externalisation, be brought to a future committee in approximately 6 months time.
2. To note the progress that has been made to date within the Asset Management Programme and to endorse the future direction for targeting investment to improve the suitability of premises for service delivery and realise efficiency savings, and to welcome the acknowledgement of the importance of this work in the Audit Commission's improved score for the Council's Use of Resources.
3. To note the updated information as requested on the current DDA position within the operational portfolio and note the plans for future direction/investment.
4. To request a further review report in 12 months time that will enable members to assess the contribution of the Council's external partner over a longer period.

RG/08/61 Town Hall Strategy – update report

A report of the Chief Executive was submitted informing the Committee that work on the strategy was nearing completion and providing an update on progress to date.

The Committee's main focus of interest was in terms of the financial strategy that would underpin the initiatives, and the robustness of the proposals within the context of the current economic recession. The Executive Member for Finance and Human Resources assured the Committee that details of the financial strategy would be reported to it at the earliest stage. As a commitment to member involvement in the overall process he reminded the Committee that a Members Review Board was to be established, and he welcomed views from the Committee about the composition of that board.

Decision

To note and endorse the contents of this report, to welcome the commitment to keep the Committee informed in the development of the financial strategy that will underpin the overall initiative.

RG/08/62 Business Planning Process

The Committee continued the process of shadowing the development of the Environmental Business Plan for 2009/2010.

Members welcomed the inclusion of the Corporate Review Team's comments that demonstrated that they were fulfilling their strategic role, but, moreover, that the Plan was of such quality, specifically in terms of asset management and risk management that it was raising relevant and pertinent questions that had Council-wide application.

The Chair complimented the officers on the workforce development aspects of the plan that demonstrated significant improvements on the previous year.

Decision

To welcome the draft business plan, to note the inclusion of a Neighbourhood Funding Strategy element as a feature of all plans for 2009/2010 and to agree that this element from all plans should be a key considerations of the Committee's review of the Council's budget proposals 2009/2010.

RG/08/63 Budget and financial plans

The Committee considered a report of the Chief Executive outlining the Council's business planning process and the plans that related to each overview and scrutiny committee.

Decision

To note the plans which relate to the work of this Committee and to agree to consider in detail those in respect of –

- Planning and Building Control
- Commercial Services
- NFS – overall review
- Environmental Services
- Financial management

RG/08/64 Local Area Agreement

The considered a report of the Chief Executive being the second quarterly performance report on Manchester's Local Area Agreement (LAA) which documented performance of the LAA basket of indicators for the period 1st July 2008 to 30th September 2008.

Decision

To note the report and welcome the many areas of progress.

RG/08/65 Academies Programme – capital expenditure decision to be exempted from call-in

The Committee considered a report of the City Treasurer informing the Committee of the need to approve capital expenditure of £133 million to ensure the opening of the new Academies buildings by September 2010. The Committee noted that for operational necessity these decisions would likely be exempted from call-in processes.

Decision

To note the report and to support future decisions by the Chair to exempt these decision from the call-in process.

RG/08/66 Exclusion of Public

Decision

To exclude the public from the meeting during consideration of the following item which involves the disclosure of information relating to the financial or business affairs of a particular person and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

RG/08/67 Manchester Care – completion of business transfer

The Committee considered a report of the City Treasurer reporting decisions made by him, the Chief Executive, in consultation with the Leader, the Executive Member for Finance, to make an increase in revenue expenditure of to support the whole business transfer of Manchester Care by the use of Council reserves.

Decision

To note the action taken in response to factors outwith the Council's control and the lessons learned from this experience.