

## **Resources and Governance Overview and Scrutiny Committee**

### **Minutes of the meeting held on 16 December 2010**

#### **Present:**

Councillor Watson - In the Chair

Councillors Bhatti, Clayton, B Fisher, Glover, Keegan, Lone, Morrison, P Murphy, E Newman, Sandiford, Swannick and Trotman.

Councillor Andrews - Executive Member for Neighbourhood Services  
Councillor Evans, Executive Member for Adult Services  
Councillor S Newman, Executive Member for Childrens Services  
Councillor N Murphy, Executive Member for Environment  
Councillor Priest - Executive Member for Finance and Human Resources  
Councillor Smith - Assistant Executive Member for Finance and Human Resources  
Councillor O'Connor, Ward Councillor for Mile Platting and Newton Heath

#### **RG/10/75            Urgent Business**

A report on the 'Publication of Council Expenditure' was submitted as urgent business.

#### **Decision:**

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

#### **RG/10/76            Minutes**

Minutes of the meeting of the Committee held on 18 November 2010 were submitted for consideration.

#### **Decision:**

To approve the minutes as a correct record of the meeting.

#### **RG/10/77    Information and Overview Report**

A report of the Governance and Scrutiny Support Unit was submitted. The report included the Forward Plan, which provides an overview of the major financial decisions the Council would be taking over the next four months, relating to the Committee's remit. The report also included responses to recommendations made by the Committee at its previous meetings and the work programme for the Committee. The Committee reviewed the Forward Plan and requested briefing notes for the January meeting containing further details on the following key decisions:

- The Acquisition of Mackintosh Mill
- The Supply, Delivery and collection of concrete, in particular the steps take by the Council to ensure tenders are competitive and achieve value for money.
- The Regeneration Consultancy Services Framework.

**Decision:**

1. To agree the Committee's work programme
2. To ask the City Treasurer to provide briefing notes for the January meeting containing further details on the following key decisions:
  - The Acquisition of Mackintosh Mill.
  - The Supply, Delivery and collection of concrete, in particular the steps take by the Council to ensure tenders are competitive and achieve value for money.
  - The Regeneration Consultancy Services Framework.

**RG/10/78 Local Government Financial Settlement**

The City Treasurer provided members with an oral update on the Government's announcement on the provisional financial settlement for 2011/12 and 2012/13. The Committee agreed to receive a briefing note with more detail on how the settlement would be calculated as urgent business. The briefing note described the main changes to how the formula grant would be distributed, the removal of ring fenced grant funding and the implications for Manchester.

The City Treasurer informed members that the provisional settlement was announced on Monday 13 December 2010. The provisional settlement figures outlined the funding allocations for all Councils for 2011/12 and 2012/13. The consultation period would close on Monday 17 January 2011, with the final settlement expected to be confirmed at the beginning of February. The provisional settlement was very complex, and the City Treasurer and finance officers were still working through the details.

Under the figures given in the provisional settlement, Manchester would have received an 11% reduction in its revenue spending power in the next financial year. There would be a one-off transitional grant to cap the reduction in revenue spending power to 8.9% but this would not continue in subsequent years. There would be a further reduction of 6% in 2012/13 means that the Council would experience an overall reduction of 16.4% in the first two years as measured on Government's figures. It was expected that this figure would rise once the full extent of changes to government grants was taken into account.

The Executive Member for the Finance and Human Resources said that the Council had already committed to making savings of £40m in 2011 /12 within the Medium Term Financial Plan. The provisional settlement figure requires an additional £60m saving to be made. The average cut across all Councils in the UK is 4.4%, which in Manchester, would have amounted to £30m of the total budget. It is estimated that Manchester will be amongst the worst affected authorities in England, with other

northern authorities and core cities also receiving big reductions. The impact of these cuts would be detrimental to Manchester residents and would greatly affect the poorest and most vulnerable residents.

In response to a query, the City Treasurer clarified that the specific grant Learning Disability and Health Reform would transfer learning disability funds from NHS Manchester to Adult Services within the Council. This amounted to approximately £14m in Manchester, but does not represent additional funding, as the money would be calculated as part of the national Formula Grant and replace existing grants from the Primary Care Trust.

A member asked for clarification on the amount of funding Manchester would receive for the pupil premium and for the Early Intervention Grant. The City Treasurer responded that the precise level of funding for Manchester was not yet clear for either of these grants but it was estimated that the Council would lose approximately £8m from the Early Intervention Grant. Early indication was that Manchester schools would lose money due to the way in which these would be calculated and because both these grants would be funded through reductions in other grants.

Members were concerned about the reductions to the Supporting People Grant and how it would affect Manchester residents. Manchester would receive a 35% reduction in funding in the next financial year. The City Treasurer explained the background to the Supporting People Grant, how it had been calculated in the past and how it is now to be calculated as part of the national Formula Grant. The change has caused a significant shift in funding between local authorities, with some London authorities receiving significant increases, and with some Metropolitan authorities receiving significant reductions including the majority of core cities. He said that the scale of the reduction in Manchester did not reflect the level of need for these services.

Some members acknowledged that the changes to funding would go some way to tackling the national budget deficit but they were against frontloading the cuts so heavily in the first two years.

The Committee was extremely disappointed about the extent to which the scale of the reduction in funding would affect Manchester residents in comparison to other local authorities. The average cut required of Councils was 4.4%, and members felt that the relative reduction required in Manchester was impossible to justify and would have a significant impact on the poorest Manchester residents. The provisional settlement was unfair and inconsistent with the level of cuts experienced by some other councils across in the UK. This inconsistency across local authorities was against the Government's principle aim of minimising the effect of cuts on the poorest and most vulnerable people. There was cross party support for making a strong case to defend Manchester against the scale of the cuts required of the authority.

Members agreed that the Committee should look at real examples of how the provisional financial settlement would affect the most deprived Manchester residents, and the measures that could be taken by the City Council to mitigate these effects. The City Treasurer acknowledged that the scale of the cuts was much worse than expected and mitigating the effects would be difficult. The Committee asked the

Chair to discuss the most appropriate way to scrutinise how the settlement would affect Manchester residents with the City Treasurer.

The Committee voted on a recommendation proposed by a member to express disappointment at the unfair financial settlement for Manchester. The Committee voted in favour of this recommendation with seven supporting votes and five abstentions.

Another member proposed a recommendation to ask the Executive to respond to the budget consultation to object to the provisional settlement. The Committee voted unanimously in favour of this recommendation.

**Decision:**

1. This Committee expresses its shock and dismay at the targeting of Manchester and similar areas by the Conservative / Liberal Democrat Coalition Government. This is grossly unfair compared to the Government's average treatment of Councils. The Government's disregard for the people of Manchester threatens its vital services such as adult social care, children's welfare, jobs and employment opportunities, community based services and public infrastructure such as road maintenance. We call on the Council's Executive to do all in its power to protect Manchester's people as much as reasonably possible.
2. The Committee asks the City Treasurer, and advises the Executive to respond to the budget consultation to object to the way that cities have been discriminated against, and to seek for the formula to be changed so that Manchester receives a fairer settlement, relative to Shire counties and other parts of the United Kingdom.
3. To add an item to the Committee's work programme about how the provisional financial settlement would affect the most deprived Manchester residents, and the measures that could be taken by the City Council to mitigate these effects.

**RG/10/79 Performance Monitoring Framework**

The Committee considered a report of the Assistant Chief Executive (Performance and Finance), which outlined the development of the new Performance Management Framework. The report provided details of the drivers for the development of the framework, its key features and the timeline for the consultation and approval process. The new Framework would be introduced from April 2011.

Members welcomed the proposals for the new Performance Management Framework. In the current climate of reduced resources, the Council and its partners were under pressure to be effective, efficient and provide value for money. The new Framework would ensure that members were provided with information about costs, performance, risk and value for money, for services across the Council. The Assistant Chief Executive (Finance and Performance) confirmed that there would be a strong focus on benchmarking with other local authorities in the Value for Money Framework.

The Committee stressed the importance of strong relationships with external partners such as the Crime and Disorder Reduction Partnership, as they would have a significant role in the delivery of services and collating necessary data. The Head of Partnerships and Performance confirmed that the Council was strengthening joint working with partners through better links with their performance leads to ensure the Performance Framework captured a complete picture.

Members noted that there was still some work to be completed on the Performance Management Framework, and also that it was an important tool in enabling members to make decisions based on correct information, particularly following the end of Local Area Agreements. The Committee agreed to continue to review the development of the Performance Management Framework and how the implementation of Council priorities would be monitored in the next municipal year.

**Decision:**

To add an item to the work programme on the development of the Performance Management Framework and how the implementation of Council priorities would be monitored in the next municipal year.

**RG/10/80            CASH Grants**

A report of the Chief Executive was submitted. The report provided members with feedback on the implementation of the CASH grants scheme over the last three years, with specific reference to how the scheme has enhanced community engagement in wards.

The Strategy Leader, Corporate Performance informed members that Manchester City Council's CASH grant programme was established in 1999, initially as a one-off scheme to support community projects. The scheme was continued following its popularity and the budget for each ward now stood at £45,000. Since this funding scheme was first launched, the Council had made an investment of approximately £8 million in a total of 535 community projects across 32 wards in Manchester. For projects to be considered they must benefit Manchester residents, involve local people in the development and delivery of the project, and represent value for money. Four wards piloted the "U Decide" events in 2009/10. For each of these events, a portion of the ward CASH Grant budget was allocated for local residents to decide how it should be spent.

Members commended the "U Decide" events, in particular the ability for residents to get involved in local decision making. The pilot "U Decide" events had been extremely successful, attracting a large number of residents who voted for the projects that would benefit their local communities. A member commented that the events also provided a valuable opportunity for community groups to network with other groups based in the ward. In response to a query about the future of the "U Decide" events, the Strategy Leader, Corporate Performance confirmed that ward councillors could decide to hold similar events in their wards supported by their ward coordinators.

A member asked for clarification on whether safeguards against block voting were in place to stop local groups from packing meetings to ensure that they received funding they had applied for. The Strategy Leader, Corporate Performance explained that was not a concern, but the funding limit that applied to each bid, and the voting process which involved ranking all groups order of preference ensured fairness.

The Committee noted the importance of CASH grants as they supported many community activities and made Manchester a better place to live. Members stressed the importance of ensuring that CASH grants continued in future years, particularly as community groups would find it increasingly difficult to find funding for projects.

**Decision:**

To ask the City Treasurer and the Executive Member for Finance and Human Resources to ensure that CASH grants were continued in future years.

**RG/10/81                      Publication of Council Expenditure**

The Committee considered a report of the City Treasurer and the City Solicitor. The report outlined the Coalition Government's transparency programme, which commits local authorities to publishing specific financial and organisational data in a standardised, easy to read format. The report set out Council's proposals for meeting these expected publication commitments.

The City Treasurer informed members that local authorities would be required to publish monthly data on all payments over £500, new contracts over £500 and names, job titles and salaries of employees earning over £150,000 per annum. Central government was also required to publish similar data although the thresholds were significantly higher than for local authorities. The Council already published most of this information in the Annual Accounts but the format of these documents would be standardised.

The Committee supported making the information more transparent and noted that the Council was well prepared to publish the data in the formats set out in the draft guidance from the Local Government Group.

Some members felt that it would seem more appropriate for the threshold to be set as a percentage of the Council's expenditure rather than a set figure. A member asked whether there had been any consultation on the local government threshold of £500, which was significantly lower than the £25,000 threshold set for central government. The Corporate Information Governance Manager confirmed that there was no scope to influence the level of this threshold.

Members were concerned about the amount of staff time that would be required to follow up queries from members of the public after the information had been published. A member said that it was inevitable that the publication of such information would result in a large number of follow up queries and it was important for the council to allocate appropriate staff time and resources.

Extracting the data from the Council's finance system and producing a monthly report for publication would commit one member of the finance team for between two and five days each month. The Corporate Information Governance Manager said that the public would be directed to a single point of contact to enable the amount of follow up work to be monitored. The statutory responsibility for dealing with follow up enquiries would fall within the remit of the City Treasurer or the City Solicitor. Members stressed the importance of establishing whose responsibility it was as soon as possible, and the need to ensure adequate resources are dedicated to following up these queries.

**Decision:**

1. To note the Council's progress made in relation to the draft guidance issued by the Local Government Group.
2. To ask the City Treasurer and City Solicitor to agree who was responsible for the dealing with public enquiries for follow up information from the publication of Council expenditure and to ensure adequate resources are dedicated to following up these queries.

**RG/10/82 Budget and Business Planning 2011-14**

A report of the Deputy Chief Executive (Performance) and the City Treasurer was submitted outlining the Council's business planning process for 2011–14. The report invited the Committee to confirm its choice of full business plans to review in January and to select any additional plans to review.

Members were concerned that the business plans would contain out of date financial projections as the provisional financial settlement had only just been announced this week. There were changes to how local government finances were distributed and officers would not have enough time to update the information before the January meeting. The Committee agreed to look at the business plans they had already requested to review in January and to look at other business plans where there were significant changes in February or at an extra meeting of the Committee. A member suggested that the Committee authorise the Chair to consult with the City Treasurer to determine a suitable approach to scrutinising business plans once more information was known.

Members suggested that the Committee should also review the business plans for ICT and Capital Programmes once the approach to scrutinising business plans was agreed.

**Decision:**

1. To confirm that the Committee wants to review the Legal Services and Democratic and Statutory Services Business Plans and the Shared Service Centre delivery plan in January 2011.

2. To ask the Chair of the Committee to consult with the City Treasurer to determine a suitable approach to scrutinising business plans once more information is known.
3. To review the business plans for ICT and Capital Programmes once the approach to scrutinising business plans is agreed.