

## **CORPORATE, RESOURCE MANAGEMENT & GOVERNANCE SCRUTINY COMMITTEE**

Meeting: 17 September 2019  
At: 6.00 pm

PRESENT

Councillor Lisa Smart (Chair) in the chair; Councillor John McGahan (Vice-Chair);  
Councillors Lou Ankers, Will Dawson, Carole McCann, Tom Morrison, David Sedgwick,  
John Taylor and Wendy Wild.

### **1. MINUTES**

The Minutes (copies of which had been circulated) of the meeting held on 6 August 2019 were approved as a correct record and signed by the Chair.

### **2. DECLARATIONS OF INTEREST**

Councillors and officers were invited to declare any interests they had in any of the items on the agenda for the meeting.

The following interest was declared:-

Personal Interest

<u>Councillor</u>	<u>Interests</u>
Wendy Wild	Agenda item 4 'Quarter 1 2019/20 Budget Monitoring Update' as her husband was a public member of Pennine Care NHS Foundation Trust (see Minute 5)

### **3. CALL-IN**

There were no call-ins to consider.

### **4. MAYORAL DEVELOPMENT CORPORATION INVESTMENT FACILITY**

A joint report of the Borough Treasurer and the Corporate Director for Place Management & Regeneration was submitted (copies of which had been circulated) inviting the Scrutiny Committee to consider a proposed strategic approach to supporting the delivery of the Council's ambitions for Stockport's Town Centre West and the Mayoral Development Corporation (MDC) through the creation of an investment facility including loan, equity and grant mechanisms. This would allow the MDC to access funding, subject to appropriate Council scrutiny and approval processes, to kick start development activity in Town Centre West.

The Cabinet Member for Resources, Commissioning & Governance (Councillor Tom McGee) attended the meeting to respond to questions from the Scrutiny Committee.

The Chair highlighted the cross-party consensus on the Council for the aims and ambitions of the MDC.

The following comments were made/ issues raised:-

- Councillors sought more information on the levels of interest from developers and other in the MDC and Stockport Town Centre West. In response it was stated that there had been significant interest, but that the initial phase of the MDC's work would be around preparation and the assembly of land packages.
- Assurance was sought on the MDC / Council's ability to ensure coherence of the developments in the area. In response assurance was given that there would be planning controls, and other mechanisms, to control development, and that the Council was currently consulting on a development plan for the area to give clear direction for developers.
- Further information was sought on the borrowing / lending arrangements that might be utilised. In response it was stated that the Council worked continuously to maximise the efficiency of its borrowing, and a key aim was to ensure the resources were 'recycled'. The type of support available to potential developers would vary by the type of proposal, tenure of land etc. It was hoped that the investment would allow the MDC to leverage additional investment as well as securing Homes England funding. It was confirmed that the Council rarely undertaken variable rate borrowing.
- Clarification was sought on the process for councillors to scrutinise decisions in relation to MDC funding. In response it was stated that there would be an annual business plan that would be subject to consultation with the Council, and any investment decisions would be included in the relevant Portfolio Performance and Resource Reports.

RESOLVED – That the report be noted.

## **5. QUARTER 1 2019/20 BUDGET MONITORING UPDATE**

The Borough Treasurer submitted a report (copies of which had been circulated) providing an update on the 2019/20 Quarter 1 revenue forecast outturn and an update on the Capital Programme. The Cabinet had considered the report and approved the recommendations at its extraordinary meeting held on 3 September 2019.

The Cabinet Member for Resources, Commissioning & Governance (Councillor Tom McGee) attended the meeting to respond to questions.

The following comments were made/ issues raised:-

- Clarification was sought on pension auto-enrolment. In response it was stated that the Council had set aside resources to fund auto-enrolment of staff in the pension fund. As employees were able to opt-out of enrolment, this had led to a less demand on resources than might otherwise have been the case.
- Concerns were expressed that the Council had underspends in mental health despite widely known demands on services. In response the complexity of the commissioning responsibilities for mental health services was emphasised, but the need to ensure appropriate use of these resources was acknowledged.
- Councillors welcomed the Manchester Airport Group dividend.

- Disappointment was expressed that there was underutilisation of capital funding for schools, despite a previous Cabinet decision to allocate £25m. In response it was clarified that the £25m was potential borrowing against future capital grant income, and although no borrowing had made, this was not reflective of actual spend on building work that had been agreed but funded from grant monies directly. Other significant work was also in preparatory stages, and the issue of school capacity would be the subject of further discussion and reports in the future.
- Clarification was sought on the use of budget surpluses. In response it was stated that where surpluses were achieved they would usually be held in reserves for use to support investment, or when deficits arose in other areas of activity to support cost pressures.

RESOLVED – That the report be noted.

## **6. RESERVES POLICY 2019/20**

The Borough Treasurer submitted a report (copies of which had been circulated) providing an update on the Council's Reserves Policy following the reporting of the Council's 2018/19 outturn position and the annual review of the Council's Reserves Policy. The Cabinet had considered the report and approved the recommendations at its extraordinary meeting held on 3 September 2019.

The Cabinet Member for Resources, Commissioning & Governance (Councillor Tom McGee) attended the meeting to respond to questions.

The following comments were made/ issues raised:-

- Councillors welcomed the comparison information in the report.
- Comment was made that the Council's reserves policy provided a robust and resilient platform for the Council's finances and operations. Further comment was about the transparency of the Council's reserves policy.
- The prudence of the reduction of the Collection Fund reserve by 30% was queried given the potential for economic uncertain over the next year. In response it was stated that while the Council participated in the 100% Business Rate Retention pilot the budget only assumed 50% retention. Given that Stockport was not overly reliant on any particular business sector for its business rates, and significant improvements had been made in recent years in the collection rate, it was felt the measure was prudent.
- Comment was sought on whether the Council's reserves policy was efficient and appropriate, particularly in comparison with other Greater Manchester councils. In response it was stated that this was the belief, and there were examples from elsewhere in the country of imprudent approaches to reserves. It was also commented that other Greater Manchester councils were seeking to increase their reserves in light of future funding challenges. Stockport Council's approach was demonstrably prudent and effective given how it was able to invest but also respond to unforeseen events such as flooding.

RESOLVED – That the report be noted.

## **7. MEDIUM TERM FINANCIAL PLAN (MTFP)**

### **(i) Part A: MTFP Summer Review**

The Borough Treasurer submitted a report (copies of which had been circulated) outlining the outcomes of the Summer Review of the Council's Medium Term Financial Plan (MTFP). The approved forecast savings requirement for 2019/20 to 2022/23 presented to the Budget Council meeting on 26 February 2019 remained robust, however, given the current complexity, volatility and uncertainty of the Local Government financial framework that underpinned the MTFP, a Summer Review had been carried out to test the main assumptions. The report highlighted where adjustments could be made to these assumptions in order to present the most accurate forecast of the Council's saving requirement over the medium term period. The Cabinet had approved the report and recommendations at its extraordinary meeting held on 3 September 2019.

Councillors asked questions and made comments on this report and the accompanying Cabinet response during consideration of that item (see Minute 7 (ii) below).

RESOLVED – That the report be noted.

### **(ii) Part B: MTFP Cabinet Response: Our Medium Term Strategy and budget choices for 2020/21**

The Cabinet Member for Resources, Commissioning & Governance (Councillor Tom McGee) submitted a report (copies of which had been circulated) inviting the Scrutiny Committee to consider the Cabinet's initial response to the challenges of continued uncertainty, complexity and volatility in local government funding as set out in the Borough Treasurer's Summer Review of the Medium Term Financial Plan. The Cabinet was currently in the second year of its Medium Term Strategy and work had commenced to further understand the budget choices available to the Council. The Cabinet was progressing the implementation of the first phase of its medium term strategy agreed at Cabinet in February 2019 and had developed draft proposals for change for 2020/21. The views of scrutiny committees were being sought on those plans.

The Cabinet Member for Citizen Focus & Engagement (Councillor Kate Butler) was also in attendance at the meeting to respond to questions relating to proposals within her portfolio.

The following comments were made/ issues raised:-

- Clarification was sought on the process for determining the Greater Manchester levies and the involvement of councillors. In response it was confirmed that there were well established practices for scrutinising the proposed levies, with groupings of council leaders and treasurers taking the lead on each levy, which in the case of Stockport was for waste disposal. It was also clarified that there was currently a number of uncertainties in relation to proposed levies connected to a number of ongoing Greater Manchester initiatives. Specifically in relation to the Waste Disposal Levy, it was hoped that there would be additional savings from the new waste disposal contract that would be realised through the levy.

- Clarification was sought on the surplus for Looked After Children placements and whether this reflected a reduction in the number of children in local authority care. In response it was stated that there had been a spike in numbers of children in care, but this had now plateaued, but the saving was also reflective of other initiatives such as the provision by the Council of additional care home capacity and efforts to increase fostering. It was cautioned that this surplus may need to be utilised in the event of an increased number of children needing care.
- Comment was sought on whether it was anticipated that the Council's development of an All Age Living Strategy and associated investment would help offset the costs on adult social care. In response it was acknowledged that Stockport's population was ageing, balanced by increased birth rates in other areas of the borough, but the importance of investing in infrastructure that supported people appropriate throughout their lifetime was to be encouraged.
- Comment was sought on reasoning for increasing the Council Tax collection forecast. In response it was commented that improved performance in collection rates had given confidence to raise the forecast that would then allow for greater income to offset the need for further reduction. Tribute was paid to officers for their hard work in this area.
- Clarification was sought on the impact in the event that the Business Rate Retention pilot were to cease. In response it was stated that the GMCA had received notice that the pilot would continue into 2020/21. The Council had always treated the benefits accrued from the pilot as non-recurrent and used for investment purposes. It was also highly likely that changes to the business rates regime and local government financing would also be introduced in the future.
- Further comment was sought on potential increased employer pension contributions. In response it was commented that there was a further review of the Greater Manchester Pension Fund and further increases in contributions may be necessary, although there may be opportunities to forward fund contributions to reduce those costs.
- In relation to the libraries proposals, concern was expressed that there was no consultation planned with children and young people, school and particularly those in more deprived communities, despite the Equality Impact Assessment identified these groups as being particularly impacted by changes to opening hours. In response it was commented that consultations were widely available in libraries and on the Council website, allowing users of these facilities to take part. It was commented that when consultations were planned these needed to be proportionate, with a balance between the resources used and the likely levels of engagement. Nevertheless, the importance of libraries to young people who may have limited quiet space at home was acknowledged. Further comment was made that 'proportionate' could also be seen as doing enough, rather than what was best.
- Clarification was sought on the likely impact of the proposals on the Assistance Scheme, and particular concern about the reduction in staffing levels and the impact on support. In response, the differences between the two possible models were outlined, particularly in relation to the intensity of staffing and the level of support provided to those seeking assistance. It was commented that current approaches to support gave less emphasis to wider support and signposting.
- Councillors discussed the merits of the Assistance Scheme options set out in the report, in particular option 2 and it having been modelled on a similar scheme in Derby, that sought to provide broader support to those applying, rather than a focus on grant awards. It was also commented that a high proportion of those seeking assistance were, or about to become, Stockport Homes tenants and so the Council had discussed with them how to maximise opportunities for using furnished tenancies and housing

benefit to assist people. Comment was also made that the model had been designed to reduce duplication with similar processes undertaken by Stockport Homes. Agreement had also been reached with Stockport Credit Union to provide a Council underwritten loan facility, as this had been a suggestion to emerge from consultation with clients previously. The additional benefit of improving credit ratings for clients receiving such a loan was also highlighted. Emphasis was given to the vulnerability of the individuals seeking assistance from this scheme.

RESOLVED – (1) That the report be noted.

(2) That in relation to Proposal 4 'Support Funds' the preference of the Cabinet be informed that the Scrutiny Committee's preference was for Model 2 'Support Focussed Model'.

## **8. UPDATE ON PREPARATIONS FOR THE UK'S DEPARTURE FROM THE EUROPEAN UNION**

A representative of the Deputy Chief Executive submitted a report (copies of which had been circulated) updating the Scrutiny Committee on the Council's preparations for the UK's departure from the European Union, building on previous updates submitted to the Scrutiny Committee.

The Cabinet Member for Resources, Commissioning & Governance (Councillor Tom McGee) attended the meeting to respond to questions from the Scrutiny Committee.

The Cabinet Member reported that there was a scheduled conference call between local authorities and the Secretary of State taking place on Monday, and regular discussions with the GMCA on region wide planning. The LGA had also made representations to the Government on the need for greater clarity on the expectations on local government in terms of preparedness.

The following comments were made/ issues raised:-

- It was commented that contingency planning was usually in response to external events, rather than due to actions of a Government. In response it was confirmed that the Council was acting to ensure that its citizens were protected.
- Concern was expressed that there were too many 'unknowns' to plan for, and further information was sought on where the Council was focussing on to mitigate the short term impact of 'no-deal'. In response it was stated that the focus was on the most vulnerable in the borough.
- Councillors discussed the potential impact on older people and care provision in the event of large numbers of workers leaving the UK, with some disagreement about the scale of any potential departures. In response, it was commented that Stockport had a diverse range of care providers that should help mitigate any risk.
- In response to questions it was confirmed that there was no direct central Government engagement with Stockport's planning although there were regional coordinators cascading information to local authorities.

RESOLVED – That the report be noted.

**9. AGENDA PLANNING**

A representative of the Deputy Chief Executive submitted a report (copies of which had been circulated) setting out planned agenda items for the next meeting and relevant entries in the Cabinet Forward Plan.

RESOLVED – That the report be noted.

The meeting closed at 7.50 pm