

Economy Scrutiny Committee

Minutes of the meeting held on 5 February 2014

Present:

Councillor Green – in the Chair
Councillors Barrett, Boyes, Chamberlain, Davies, Karney, Keegan, Manco, Ollerhead, Pritchard, Raikes, Razaq, Richards, Smitheman, Stogia and Walters.

Councillor Leese, Leader of the Council

Jonathan Beadman, Seetec
Gleason Bradburn, Avanta
Collette Carroll, Harpurhey Work Club
Phil Royle Jobcentre Plus
George Selmer, G4S
Jerry Stokes, Jobcentre Plus

Apologies

Councillors Simcock and Walters

ESC/14/06 Minutes

Decision

To approve the minutes of the meeting on 8 January 2014.

ESC/14/07 Update on the city's economy

The Committee welcomed the Chief Executive of the Council to the meeting. He had given a presentation to the most recent meeting of the Council which provided an update on the economic and regeneration development of the city. The slides from that meeting were circulated, and the Economy Scrutiny Committee had the opportunity to ask questions about and discuss the presentation.

A member noted that the Economy Scrutiny Committee had a keen interest in how the large scale economic successes in the city brought benefits to local residents, and the presentation to Council did not make how this is done explicit. The Chief Executive agreed that this was the real aim in promoting economic growth in the city. He told the Committee that a further presentation was planned for the next meeting of the Council which would focus more on this aspect of economic benefit which would go into detail of the full range of innovative schemes in place in the city. He said that the Council did its best, but could not achieve this without economic growth.

A member expressed disappointment that the Earnback Model, which would generate greater tax revenues for central government, of which Manchester would receive a portion, through investment targeted on economic growth, would not go ahead. The Chief Executive explained that since the Earnback Model was proposed

as part of the City Deal, other authorities, including London authorities, had seen the potential and asked for something similar. This meant it had potentially become much larger scale than originally planned, so government had stopped this development. He said that he was however optimistic that now the principles behind the Earnback Model existed, examples of something similar would start to happen. The Leader added that different tax arrangements within the Enterprise Zone had similarities to the Earnback Model. He said it was vital to keep constant pressure on the government to allow this kind of arrangement.

A member asked whether the other city deals being developed contained anything that Manchester would benefit from emulating. The Chief Executive confirmed that the Greater Manchester City Deal was one of the most innovative, but there were some pilots programmes that Manchester could learn from. He confirmed these would be monitored.

The Committee discussed housing development, noting that what the city was like to live in was vital in attracting high quality professionals to work and live in Manchester. A member asked what proportion of the developments on the former BBC and ITV sites in the city centre would be residential. The Chief Executive said that the Council had a clear vision of the regeneration and economic priorities for the BBC site and what facilities were wanted there, but these were not shared by the current owner. Discussions with the current owner on bringing the site under public control were still ongoing. The ITV site would be predominantly residential, while the adjacent site known as Albert's Shed would be more commercial. There was a significant amount of work still to do on the detail of the design and development, and the draft framework would be submitted to the Executive before a public consultation is held.

A member informed the Committee that the Economist had recently published a critique of the Manchester economic model, which suggested that residents away from the city centre did not benefit enough from its economic success and that the model relied on glitzy large scale regeneration schemes at the expense of organic growth. The Chief Executive did not recognise this analysis of the city. He said there was limited capacity to what the Council could do alone, as it had limited powers and ability to influence. He said it was key to get public services working together and the Council was working with the government to develop the place based approach to public services. He added that progress with this was easier with the treasury than other government departments, which was frustrating.

A member asked to what extent economic growth in the city was driven by immigration. The Chief Executive confirmed his instinct was this was significant, as it always had been in the city. He noted that if 50 to 60 thousand jobs were created, this meant that 100 thousand households would need to be accommodated in the city. He said it was important to attract talented people, but also to focus on improving the productivity of the city's existing residents, not only for social good but for economic necessity. The Leader said that most key organisations in the city agree that current immigration policies were stifling economic growth.

A member suggested that Peel Holdings' development, Atlantic Gateway, was concerning for the Council, but attractive to businesses as there was so much land available. The Chief Executive said lots of activity by Peel Holdings was positive for

the region, including investment in ports and railways. He said Manchester Council supported Merseyside in this. He added that there may be some activity carried out by Peel Holdings that was overly speculative.

A member asked what the impact of Manchester's economic success was on the other Greater Manchester authorities. The Chief Executive confirmed that there was a very strong relationship between them and it was an excellent example of integrated economic development. The authorities had learnt to understand what their collective priorities were. The Chief Executive said one of the key priorities was to build speculatively to create high quality office space, as there was significant demand for them in Manchester. The Leader agreed that this was key to attracting businesses, but noted that there were a number of schemes currently in development.

The Committee welcomed the Chief Executive's responses to its questions and recognised his talent in bringing businesses to Manchester. A member pointed out that other parts of the North West were showing the impact of the economic downturn more than Manchester, and this was attributed to continual investment. He warned that it was vital to ensure that all of Manchester benefited, not just the city centre.

The Chair thanked the Chief Executive for attending. She noted that the role of the Committee was to look at how the economy was growing and how people benefitted from that, and it was the Committee's concern that there should be more focus on the latter. She said the Committee welcomed the economic successes of the city, and the presentation to Council had been a clear articulation of this. She said a clear articulation of what Manchester is doing for residents was now needed. The Committee agreed to invite the Chief Executive back to a future meeting of the Committee, following his next address to Council. The Leader confirmed that the city had made progress, with fewer people seeking out of work benefits now than before the recession. He said the March presentation to full Council would focus on young people, who had experienced the biggest adverse impact from the recession.

Decision

To thank the Chief Executive for attending the meeting and answering the Committee's questions, and to invite him back to a future meeting following his next address to full Council.

ESC/14/08 The Work Programme December 2013 update

The Committee considered a report of the Head of Regeneration which provided an update on Manchester's performance in the Work Programme, the government's welfare to work programme. The report also included an update from the prime contractors on their performance and case studies demonstrating their activity. The Committee welcomed representatives from the three prime contractors: Jonathan Beadman of Seetec, Gleason Bradburn of Avanta and George Selmer of G4S. The Committee also welcomed Phil Royle and Jerry Stokes of Jobcentre Plus and Collette Carroll from the Harpurhey Work Club.

The Committee discussed how the performance of the prime contractors had

changed since the last update in July 2013. Mr Selmer gave more detail on how G4S's subcontractors were performing. He said Work Solutions had 886 job starts and 481 job outcomes, when someone has been employed for a certain number of months. Inspire to Independence had 671 job starts and 489 job outcomes, and was on a path of rapid improvement. Remploy had 800 job starts and 392 job outcomes. Mr Selmer said that he anticipated that there would be changes to the providers in the near future.

A member noted that previous reports included comparison with other core cities. The Head of Regeneration said these had limited use as different areas had different prime contractors, but agreed to provide a briefing note for members on this.

A member asked whether job outcomes were full time jobs or more than 16 hours per week. Mr Beadman said that a valid job start was when they were signed off Job Seekers Allowance (JSA), which could be 16 hours a week, though suggested that this was desirable for some people. He said this could be hard to measure, as someone could be put on a 16 hour a week contract, or even a zero hour contract, but work more hours. Mr Selmer said that prime contractors struggled to access the data of exactly how many hours someone was working. He said once Universal Credit was introduced this would change, as it would be based on an earnings threshold, rather than hours. Discussions were still ongoing as to exactly how this would be measured.

The Committee discussed people who were claiming Employment Support Allowance (ESA). Members were disappointed that improvements to performance for this cohort were not as good as other cohorts. Mr Beadman said that the last time the prime contractors attended the Committee, performance had been poor and needed to be improved. He said that performance had doubled since then, but was still not as high as it should be. He said that Seetec had significantly changed their model, as he predicted, and the improvements demonstrate this. Mr Stokes said that there were many reasons why people claiming ESA might take longer than those claiming JSA, as they had huge variations in the level of their health problems. He said there can not be a prescribed approach. He added that Jobcentre Plus had introduced a dedicated team with a reduced case load for ESA referrals. They received a package including employability training and occupational specific training for particular employers who were currently recruiting. Mr Selmer said that last time the prime contractors attended, their number of ESA referrals had recently tripled, which affected the figures. Those in that cohort generally took longer to get into work as they needed more support, so it took a while for the figures to reflect the improvements. He said there were isolated pockets of good practice, so there was a need to be more consistent, and to focus on the quality of interventions with customers. He said that G4S expected to meet the minimum targets set by the Department for Work and Pensions (DWP) at the end of year three. Mr Bradburn agreed that Avanta's experiences were similar to Seetec's and G4S's. They had received a high number of ESA referrals in the last 12 months, and the programme was for two years. ESA referrals usually take about 18 months until they start a job, so it was too early to see the results.

The Committee then heard from Ms Carroll. She said that Harpurhey Work Club had had no contact with the prime contractors, though some with subcontractors. She

said there was no reason not to build a good relationship with them in the future. She said Harpurhey Work Club had seen 705 people this year, with 110 going into training, 96 into jobs and many into volunteering. They spent on average £374 per person. She said her experiences with the subcontractors were generally not positive. Some people had come back to the Work Club after the Work Programme no better off, for example with only a paper version of their CV, no email account set up or no idea how to use Universal Jobmatch, the DWP job search. People were also being told to look in sectors that no longer existed or had very few jobs. Harpurhey Work Club reassessed everyone, taking a back to basics approach. They received a basic induction course, explanation of what the jobseeker's commitment is and how they have to fulfil it. She said she knew how difficult it was and the Work Programme targets were very difficult to achieve.

Mr Selmer said that targets were necessary and the prime contractors would not be performing better without them. He said that the Work Programme was working for most people, but not all, and those were often the hardest to help.

A member said that people did not understand the new jobseekers agreement, particularly that they had to provide evidence that they were looking for jobs for 35 hours a week. She said people were being sanctioned and losing their benefits for not complying. Mr Royle said the new jobseeker's commitment was much more specific and explicit, with clearer explanations. He said that all sanctions were decided by an independent party.

The member also raised the difficulty experienced by people in low paid jobs, often women, who were hired on 20 hours per week contracts, or zero hour contracts. They often worked more hours than that, but not regularly every week. This meant some weeks they qualified for benefits and others they did not, but it was difficult to work out accurately to ensure they were receiving the maximum they should and not more. Mr Royle agreed that it was difficult, and Universal Credit was the government's solution to this problem. Mr Selmer said he shared the member's concerns, but hoped that Universal Credit would improve things as it would be calculated on a weekly basis and would rise and fall as their income rose and fell.

A member asked whether the performance improvements could be attributed to improvements to the economy, rather than improved activity by the prime contractors. Mr Selmer said this was very difficult to work out, but felt that it was a combination of the two.

The Committee thanked the representatives from the prime contractors, Jobcentre Plus and Ms Carroll for attending the meeting. Members thanked the prime contractors for being candid about the performance figures. Members agreed that next time the Committee received a report on the performance of the Work Programme, to request that it includes:

- Figures broken down by prime contractor
- Comparison figures to other core cities
- Breakdown of the hours being worked by those moved into employment
- Performance of the prime contractors against targets
- Details of the changes that Universal Credit will bring and how this will affect targets and thresholds

The Committee recognised that some of this data might be difficult to obtain, and asked the Head of Regeneration to work with the prime contractors to get as much information as possible.

The Committee asked for all statistics provided orally by the representatives of the prime contractors in the meeting to be provided in writing.

The Committee also asked for the Head of Regeneration to work with Ms Carroll and the prime contractors to share experiences and good work, and report back on this.

Decision

1. To request that the Head of Regeneration provide a briefing note for members which gives the performance figures for the other core cities in comparison to Manchester
2. To request that future reports on the performance of the Work Programme in Manchester provide:
 - Figures broken down by prime contractor
 - Comparison figures to other core cities
 - Breakdown of the hours being worked by those moved into employment
 - Performance of the prime contractors against targets
 - Details of the changes that Universal Credit will bring and how this will affect targets and thresholds
 - A report back from the Head of Regeneration on the results of the collaborative work between Ms Carroll and the prime contractors to share experience and good work
3. To request that all statistics provided orally by the representatives of the prime contractors in the meeting are provided in writing.

[Councillor Manco declared a disclosable pecuniary interest in this item, and withdrew from the room for its duration]

ESC/14/09 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which provided a summary of the key decisions due to be taken that are relevant to its remit, an update on actions taken as a result of recommendations and the current work programme. The report included the latest Real Time Economy Dashboard.

Decision

To agree the work programme.