

Economy Scrutiny Committee

Minutes of the meeting held on 11 February 2015

Present:

Councillor Green – in the Chair
Councillors Davies, Hackett, Hacking, Karney, Manco, Moore, Ollerhead, Raikes, Richards, Shilton Godwin, Simcock, Smitheman, Stogia and Wilson.

Councillor Flanagan, Executive Member for Finance and Human Resources
Councillor Leese, Leader of the Council
Councillor S Murphy, Deputy Leader of the Council and Chair of Manchester College Governing Body
Councillor Hacking attended item ESC/15/11 as a member of the Manchester College Governing Body

John Thornhill, Chief Executive of the Manchester College
Lisa O'Loughlin, Principal of the Manchester College
Richard Jeffery, Director of the Business Growth Hub
Paul Ward, Blue Orchid

Apologies

Councillors Ellison

ESC/15/10 Minutes

A member informed the Committee that at the last meeting of Council, a resolution was agreed that Economy Scrutiny Committee would set up a task and finish group to explore what practical measures the Council could implement to tackle tax avoidance, including reviewing its procurement policies. The member suggested appointing Councillors Moore and Wilson as co-chairs and seeking volunteers from the Committee, including Councillor Ollerhead who was also Chair of the Finance Scrutiny Committee, to be members. The Committee agreed. The member also noted the timing of this related closely to the recent scandal of HSBC allegedly enabling its customers to avoid tax and suggested that the Committee write to:

- Lord Stephen Green, formerly Executive Chair of HSBC while the practices were taking place and former trade minister, to inform him what the people of Manchester think;
- The Head of Civil Service to find out why Dave Hartnett, Head of Tax at HMRC until 2012 when he retired, was allowed to take up a consultancy position at HSBC following his retirement; and,
- Margaret Hodge, Chair of Public Accounts Committee, which was starting an investigation into HSBC, who the task and finish group may wish to liaise with.

The Committee agreed to all the member's suggestions.

Decision

1. To approve the minutes of the meeting held on the 14 January 2015.
2. To set up a task and finish group to investigate what measures the Council can implement to tackle tax avoidance, and appoint Councillors Moore and Wilson as co-chairs. To appoint Councillor Ollerhead to the membership and seek expressions of interest from the rest of the committee.
3. To write to Lord Stephen Green, Dave Hartnett and Margaret Hodge.

ESC/15/11 Manchester College

The Committee welcomed John Thornhill and Lisa O'Loughlin of the Manchester College, who provided the Committee with an update on the College's progress since they last attended the Committee. The key points of the presentation were:

- The College has improved its performance over the last year in terms of participation, results and success rates
- The College has expanded significantly, and has plans for further expansion;
- The 2014 Ofsted inspection graded the College at 2, "good", increased from 3, "satisfactory" in 2011.

A member noted that the College was a Living Wage employer, and asked how they worked with their suppliers. Ms O'Loughlin confirmed the College was an accredited Living Wage employer, but there was more work to do with suppliers to encourage them to pay the Living Wage.

The Committee discussed apprenticeships. A member noted that there was a national challenge in ensuring that apprenticeships were high quality. Ms O'Loughlin said that ensuring the quality of the learning experience was a fundamental challenge for the College, and it differed between institutions. She said one challenge with apprenticeships was convincing people that they were worthwhile, and there was more work for the College to do with this. Mr Thornhill said that following the review, the College separated apprenticeships out from the rest of the curriculum. He said that there were thousands of providers in the city, it was largely uncoordinated and confusing for young people, parents and employers. He said that devolution offered an opportunity to streamline this. Members noted that apprenticeships were very difficult for further education colleges, as they did not align with the academic year and very few further education colleges were graded by Ofsted to be outstanding in providing apprenticeships.

A member asked how the College had doubled participation in the 16-18 age range in apprenticeships. Ms O'Loughlin confirmed that focusing on the quality of learning and work experience was key. Mr Thornhill said that Manchester College had invested significantly in growing apprenticeship number, while some other providers had shrunk their provision. He explained the College had worked with its commercial partners and invested in them to grow the volume of apprenticeships. He said national trends indicated a significant growth in apprenticeships and there was a question over whether the College would need to collaborate with other organisations to expand its provision accordingly.

The Committee discussed the destination of leavers. Members asked whether the College knew what type of work its leavers who entered employment were doing and what percentage responded to the survey. Ms O'Loughlin acknowledged it was difficult to get a representative sample responding to the survey. The College tracked those within the organisation, which gave a high return. It used an external company to survey those who left the organisation, and got a 30% response rate which, while not very high, was comparatively good. She expressed a wish to be able to track leavers immediately after leaving the College and at six-monthly intervals as well as what sectors they went into and whether their training was relevant to their employment. She explained that the expense meant that the College would only be able to do this collaboratively.

A member asked how devolution would affect the College. Councillor Sue Murphy, Chair of Manchester College Governing Body confirmed that devolution provided an enormous opportunity for Greater Manchester to be able identify with employers what skills they needed and work with providers to ensure that they were providing this. She said the scale was huge and it was key to establish how to make sure those furthest from the jobs market were supported to access training. One example would be subsidised degrees, which would be targeted at areas with the lowest participation.

A member noted that the wraparound support for learners was identified as a risk in the presentation and asked how this would be protected. Mr Thornhill explained that the College's social mission was one of its core principles, so when it was making savings it focused on reducing management, but retaining elements that supported students, such as the youth work provision. He said in the future, the College would look to increase its income, for example by winning contracts, to protect this element of its activity.

Councillor John Hacking, member of the Manchester College Governing Body, said it was important to recognise the achievement of increasing its Ofsted grade from satisfactory to good, and the level of investment in quality.

The Committee thanked the guests for attending, acknowledging how important the College was for Manchester. Members commended the Ofsted grade and noted how important this would be for the College's future success and ability to win contracts. The Committee agreed to invite the College back in 12 months to update on progress.

Decision

To invite the Manchester College back to the Committee in 12 months to update on progress.

[Councillor Hacking declared an interest in this item, as a member of the Governing Body of the Manchester College. He remained in the meeting and spoke as a representative of the Manchester College].

[Councillor S Murphy declared an interest in this item, as a the Chair of the Governing Body of the Manchester College. She remained in the meeting and spoke

as a representative of the Manchester College].

ESC/15/12 Business Growth Hub Update

The Committee considered a report of the Chief Executive of the Manchester Growth Company, which provided an update on the progress made by the Business Growth Hub in delivering business support services since the Committee last heard from them in March 2014. The Committee welcomed Richard Jeffery, Director of the Business Growth Hub, to the meeting.

A member noted that support for businesses was complex across the city, and asked how this would be simplified. Mr Jeffery confirmed it was complex, but reassured members that it was the purpose of the Business Growth Hub to simplify it and provide a single point of contact for businesses. He said that the Business Growth Hub worked with businesses with the potential to grow, but if they were approached by a business which did not meet their criteria they directed them towards suitable support. He noted that other cities were emulating this model.

The Committee noted that the Business Growth Hub's key performance indicators (KPIs) would be circulated to members following the meeting. The Leader noted that district level KPIs should only be considered in conjunction with Greater Manchester KPIs. A significant number of people worked in a different district from where they lived, it was only at the Greater Manchester level that gave the full picture.

The Committee asked for the Greater Manchester Business Survey results to be brought to a meeting at an appropriate date, which the officers agreed.

A member asked whether the Business Growth Hub worked with collective groups that represented a number of businesses, such as traders associations, which may operate on an informal basis. Mr Jeffery confirmed it did, but noted that there was a limit to this and the Hub could only work with a limited number and prioritised those which had the biggest impact.

The Committee thanked Mr Jeffery for attending. It agreed to return to this subject at a future date to see progress to the Business Growth Hub's activity. The Committee agreed to invite representatives from businesses which had benefitted from the Hub's support to that meeting, to hear about their experiences. Mr Jeffery welcomed this.

Decision

1. To add the results of the Greater Manchester Business Survey to the work programme, to be considered at an appropriate date.
2. To add an item to the work programme to receive an update on the work of the Business Growth Hub at an appropriate date. At that meeting, to invite representatives from businesses which had benefitted from the Hub's support to hear about their experiences.

ESC/15/13 Budget and Business Planning: 2015/16 – 2016/17: Scrutiny of the Draft Growth and Neighbourhoods Business Plan

The Committee considered a report of the Deputy Chief Executive (Growth and Neighbourhoods), the Strategic Director (Strategic Development) and the City Treasurer. The report presented the draft Growth and Neighbourhoods Business Plan in the context of the Council's business planning process.

A member noted that it was difficult to tell how the new arrangements for neighbourhood delivery teams, regeneration teams and ward coordination would work, particularly in terms of how local councillors would interact with them and hold them to account. The Leader reassured the Committee that this was being considered and a report would be submitted to the Personnel Committee to agree the structure of the teams. He said that there would be a single point of contact, when currently there were two. He explained that while services would be configured differently with smaller neighbourhood teams, the 6% budget reduction would largely be achieved by streamlining services and the way in which they were managed.

The Committee discussed the priority to refresh and develop the strategy for District Centres across the city, and were keen to see progress on this. The Committee noted that this was on the agenda for its next meeting.

Members expressed some concern about new criteria for cash grants that would be aligned to the city's priorities. The Deputy Leader explained the criteria were broad: improving the environment, supporting residents into employment, building community capacity. She reassured members that the criteria would not restrict local councillors in their decisions on how to award cash grants. The Committee felt that any prescription of narrow criteria on cash grants would be resisted by ward councillors and relevant scrutiny committees, but was happy with the broad criteria described.

A member noted the objectives to create growth and jobs, but felt that the business plan did not describe how this would be balanced with residents' desires for their local area, such as addressing car parking issues. The Strategic Director (Strategic Development) acknowledged that this balance was something that came up for every development in the city, and it was the nature of such developments. He said there were established mechanisms in place to ensure that the balance was right and that residents views were heard, most importantly as part of the planning process.

A member noted that appendix 5 was indicated in the report but not included. Officers agreed to follow this up.

The Committee noted that the Business Plan did not express the importance of bringing public and private investment together to support the ambitions for growth. The Leader agreed that this was a very important point, but felt that the business plan was not the most appropriate place to express it. He said it was a key part of what the Council was trying to achieve and should be expressed clearly in other areas of the Council's work.

Decision

1. To support the priorities and allocation of resources as outlined in the draft Growth and Neighbourhoods Business Plan.
2. To request that officers provide clarity on appendix 5 of the report.

ESC/15/14 Business Start Up Support

The Committee considered report of the Head of Regeneration which provided an update on support for business start ups in Manchester since the Committee last received an update in January 2014. The Committee welcomed Paul Ward of Blue Orchid to the meeting.

A member circulated a new map of businesses in Didsbury, which had been funded by the businesses featured. He said that it cost the businesses £60 to be on the map, of which 30,000 copies would be printed. The Committee commended the map.

A member noted that the real time economy dashboard indicated that job vacancies were falling, and asked if this had affected the level of enquiries Blue Orchid had received. Mr Ward confirmed it had, and in the first week back in January, they received 500 enquiries.

The Committee considered whether self employment and starting a business was right for everyone, as it can be a difficult existence with an uncertain income. A member asked what Blue Orchid did to help people create sustainable, beneficial businesses. Mr Ward explained that of 1186 applications between April 2012 and December 2014, 570 had received 10 hours of intensive support, and 444 became businesses. He said that one thing Blue Orchid did was tell people if their business idea was not viable. They also challenged people to do market research, which sometimes led to a job. These outcomes were not recorded, but were positive.

A member noted that most successful start ups were offshoots of other established businesses, and asked Blue Orchid how they used this knowledge to support people. Mr Ward explained that Blue Orchid mostly provided one to one support, tailored for the kind of business the person wanted to start.

A member noted that south Manchester had a disproportionate number of businesses compared to other Strategic Regeneration Framework (SRF) areas. The Head of Regeneration explained this was due to south Manchester having more wards than other SRF areas, and the number of business start ups per ward was not disproportionate. She added that the proposals for the next round of European Regional Development Fund funding were out for consultation and suggested this is circulated to members. The Committee agreed. The Deputy Leader added that Blue Orchid was now working with South Manchester Credit Union, which could not provide small loans for businesses.

The Committee thanked Mr Ward for attending and noted the positive outcomes of not proceeding with starting an unviable businesses and securing a job which he had mentioned.

Decision

To request that the link to the consultation on the proposals for the next round of European Regional Development Fund funding is circulated to members.

ESC/15/15 Budget Proposals for Growth and Neighbourhoods 2015-17

The Committee considered the proposed budget for the Growth and Neighbourhoods Directorate for 2015-17, prior to its submission to the Executive on 13 February 2015.

The report provided members with information on the proposed savings and investment for each service within the directorate and illustrated how the savings would be achieved. The savings would be carried out at the same time as the directorate continued to support sustainable growth and transformation through the refocusing and reinvestment of resources.

The Committee endorsed the recommendations to the Executive, as set out in the report.

Decision

To endorse the recommendations that the Executive:

1. note the responses to the consultation on the removal of free swimming as detailed in section 9 of the report and approve the proposal not to progress this option.
2. Approve the proposals within this report to be included in the budget to be recommended to Council

ESC/15/16 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 Chair reminded the Committee that it was the penultimate meeting of the year and suggested there were three elements which the Committee should follow up with next year:

- Health economy – following the meeting in June 2014, the Committee was waiting for the replacement for Professor Jacobs to be confirmed before pursuing this matter.
- Devolution
- How residents can benefit from the improvements to Manchester economy.

Decision

To agree the work programme.