

Economy Scrutiny Committee

Minutes of the meeting held on 30 September 2015

Present:

Councillor Richards – in the Chair

Councillors Amesbury, Bridges, Davies, Ellison, Farrell, Green [ESC15/47 – 48],
Karney, Peel, Raikes, Shilton Godwin, Siddiqi, Simcock, Strong and Wilson

Councillor Richard Leese, Leader of the Council

Councillor S Murphy, Statutory Deputy Leader

Councillor Priest, Deputy Leader

Councillor Chappell, Executive Member for Environment

Councillor Flanagan, Executive Member for Finance & Human Resources

Councillor Fender, Chair of the Transport for Greater Manchester Committee

Mark Hughes, Manchester Growth Company

John Holden, Manchester Growth Company

David Newton, Transport for Greater Manchester (TfGM)

Nicola Kane, TfGM

Tom Skinner, Greater Manchester Living Wage Campaign

ESC/15/47 Minutes

A member reported that membership of the Tax Avoidance Task and Finish Group has been finalised. Members were Councillors Moore, Wilson, Hacking, Peel, Strong, Fletcher-Hackwood, Stone and Russell.

Decision

To approve the minutes of the meeting on 2 September 2015 as a correct record.

ESC/15/48 Business Growth in Manchester and the Impact of Business Support

Mark Hughes, Chief Executive of the Manchester Growth Company, and John Holden, Director of Research at the Manchester Growth Company, introduced themselves and Mr Hughes provided an overview of the general themes of the presentation.

The Committee welcomed the presentation. A member raised concerns with how the Regional Growth Fund was operated in respect of the loan agreement. The Leader replied that the terms of the loan were negotiated individually with each loan scheme.

Members enquired how strong support was to new start up businesses over a long term period, expressing concern about whether unemployed people felt pressured into starting businesses which might not be sustainable in the long-term. Mark Hughes reported that the survival rate for businesses in Manchester was slightly below the national average. He advised that careful advice was given to people who were on benefits and considering starting a business.

In response to a member's question about exports, Mark Hughes informed the Committee that assistance was being extended to companies which wanted to expand their exports. John Holden reported that Greater Manchester had a lower level of trade through exports than expected for a city of its size and that many businesses perceived exporting to be too difficult or did not consider it at all. He advised members that one of the objectives for the Growth Company was to raise awareness of the potential for growth for businesses through increased exports.

A member questioned how well Manchester was promoted abroad, for both inward investment and exports. Mark Hughes assured members that there was a pro-active approach to the promotion of Manchester. He reported that the Growth Company ran the U.K Trade and Investment (U.K.T.I) contract in Greater Manchester and steered that to the needs of the local businesses. He also advised the Committee that the Growth Company carried out overseas visits and retained agents overseas and that there was a programme of extensive visits from embassies and consulates into Manchester to see the city's facilities.

The Leader reported that the Council had a constant struggle with UKTI and the UK Government to get recognition for Manchester and that the city intended to work collectively with other northern cities to raise the profile and scale of the region, to enable more impact on international markets.

The Chair noted that the Committee was due to consider a report on the potential risks to the Manchester economy of a 'no' vote in the referendum on EU membership and requested that the Manchester Growth Company contribute to that item.

Decision

To note the report and to request that the Manchester Growth Company contribute to the future report on the EU referendum.

ESC/15/49 The Council's Procurement from Small and Medium Businesses

The Committee received a report of the City Treasurer which considered the Council's procurement policy and its impact on small businesses across the City and the steps taken by the City Council to increase procurement from small and medium enterprises (SMEs). The Deputy Head of Procurement introduced the report across its main themes.

A member queried why comparable data was not available and noted that data in previous reports had indicated that Manchester had lower rates of procurement from SMEs than other councils. The Deputy Head of Procurement reported that this data had used a different definition of smaller businesses but research was currently being undertaken and comparable data across Greater Manchester authorities would be available soon.

A member expressed concern that SMEs found the Council's processes and timescales difficult to work with. The Deputy Head of Procurement reported that

measures have been taken to improve this, with the procurement documentation being simplified, and by ensuring tendering opportunities were promoted more widely. The Head of Work and Skills advised members that the Council was looking internally at its processes and the way it engaged with businesses.

A member asked how the procurement process was being used to promote the Council's values. The Deputy Head of Procurement informed members that measures had been taken to ensure that suppliers were aware of the Council's expectations, with reference to the Living Wage and other social value criteria. The Head of Work and Skills drew members' attention to the later report on the Living Wage which contained further information and examples of this.

Decision

1. To request that the Deputy Head of Procurement circulate the research on comparable data across Greater Manchester authorities to members, when it becomes available
2. To request a future report that looks more holistically at the Council's approach to doing business with SMEs

ESC/15/50 District Centres

The Committee received a report of the Strategic Director (Strategic Development) which considered the changing role of district centres in Manchester and the potential policy and strategy measures which could be adopted to shape the future of the city's centres. The report also explained the significance of the work taking place to refresh planning policies for future development of centres and set out some of the issues related to Rent-To-Own businesses. The Head of Policy, Partnerships and Research introduced the main themes of the report.

A member welcomed the report but requested that more radical steps be taken and queried who, at neighbourhood management level, who was doing the strategic, intellectual and economic thinking about district centres. He requested that the Council identify what officer resources could be put into this area.

The Head of Work and Skills reported that the strategic development team was responsible for district centres where there were opportunities for major physical development and growth. She advised that neighbourhood teams retained responsibility for other district centres, where there was less potential for major changes but nonetheless some good, incremental approaches were improving these centres.

Members were in agreement that they wanted to see more detailed work and a strategic approach on district centres. A member noted that the report referred to the potential for a development framework and a policy review of district centres and recommended that a subgroup be established, to accompany and feed into this work and to ensure that this remained a high priority. This was supported by other members. The Deputy Leader emphasised the importance of district centres in giving residents a sense of place. He reported that population growth within the city

was not necessarily occurring in areas which had better district centres and district centres needed to be considered in relation to the Residential Growth Strategy.

Decision:

1. To request that the Council produce an overarching strategy for district centres.
2. To establish a subgroup to contribute to and review this work

ESC/15/51 City Centre Strategic Plan 2015 - 2018

The Committee received a report of the Chief Executive which provided information on the content, and the intention to consult on the draft Strategic Plan for the city centre covering the period 2015 – 2018.

The Leader advised members that the City Centre Strategic Plan also covered areas neighbouring the city centre. He further advised that it had a much wider impact as residents in wards across the city benefited for the job opportunities within the city centre.

Members welcomed the report and the transformation of the city centre, which was increasingly attracting a diverse range of residents, including families and older people.

A member asked whether it was now too easy for housing developers to look to a full rental model with one owner, rather than have a mix of rental and owner occupancy. The Head of City Centre Growth and Regeneration advised members that the private rented sector was the dominant tenure in the city centre and there were challenges to stimulating housing for sale, although there were going to be a number of new developments which would be available for open sale.

Members discussed the need for GPs, dentists, schools and other facilities for families to encourage a diverse range of people to move to and stay in the city centre. A member expressed concern at the increase in licensed premises within the city centre. The Leader informed the Committee that it was important to maintain a variety of usages of city centre space, rather than solely focusing on residential development and stressed the importance of the job creation role of the city. He advised that the lifestyle offer of the city centre was also important in attracting and growing creative digital industries within the city. He further reported that the issue of school places needed to be considered across the whole city, rather than on an individual ward basis. The Head of City Centre Growth and Regeneration advised members that the impact on residents and other businesses was taken into account when approving licensed premises. She reported that there were some play facilities in the centre but this did need further consideration and additional play facilities were likely to be on the fringe of the city centre where there was more land availability. A member expressed concern that these social considerations were not included in the plan and in the consultation. The Leader clarified that the broader social policy issues were referred to in the plan but not in great detail. He advised that the Manchester Strategy 2015 – 2025 considered these issues on a city wide basis and that this was currently open to consultation. He emphasised that the City Centre

Plan should not be considered in isolation as it linked in with other policies and strategies.

A member queried how the expansion of the city centre would impact upon areas of social housing. The Head of City Centre Growth and Regeneration advised members that social housing needed to be considered at a Greater Manchester level, as this was the only way to get the right type of housing in the right locations and that the next report brought to Committee on the City Centre Strategic Plan would provide more information on this.

The Committee discussed the retail core in the city centre and transport issues for visitors to the city centre. The Head of City Centre Growth and Regeneration reported that Manchester's retail core had developed better than most cities', but acknowledged that further work was needed to ensure that the high street was maintained and more niche retail was generated. She acknowledged that transport was a challenge currently and reported that work was ongoing with Transport for Greater Manchester around better signage. The Leader reported that the Council intended to make the core of the centre very pedestrian friendly and minimise other forms of transport within that area.

Decision

To receive a further report including the final version of the City Centre Strategic Plan, feedback from the consultation and how this has been taken into account and an update on some of the social issues raised during the meeting.

ESC/15/52 Draft Residential Growth Strategy

The Committee received a report of the Strategic Director (Strategic Development) which included the draft Residential Growth Strategy for Manchester. This provided the context for the changing housing market in the city and six priorities for action. The Assistant Chief Executive introduced the report and informed the Committee that the report would be considered at the 4 November meeting of the Executive.

Members expressed concern at the cost of renting and buying homes in Manchester and the gap between social housing and the large private rented sector. The Director of Housing reported that an affordable homes programme had already delivered over 700 new social and affordable houses and a further programme was currently in progress which would deliver approximately 600 new homes. He confirmed that the 1% reduction in rents announced by the government would impact on future projects but that the Council would be working with partners to identify solutions.

In response to a member's question, the Director of Housing informed the Committee that Matrix Housing was devised when house-building was at low levels and its primary aim was to instigate house-building within the city. He advised that the decision was made not to include social housing in phase one in order to keep the model as simple as possible. However, affordability was taken into account and equity share was offered for home ownership. He reported that the Help To Buy scheme was introduced part way through the development and this enabled a

number of lower income households to buy homes. He also advised members that many of the sites were in areas which already had high levels of social housing. He informed the Committee that some of the affordability issues raised by members would be addressed in phase two.

In response to a member's question on housing demand, the Assistant Chief Executive (Growth) advised the Committee that the plan was for at least 25,000 new homes within Manchester over the next 10 years and that this was a realistic target, given the limited land availability within the city and other priorities such as schools, health facilities and commercial premises. However, he advised, demand for housing was expected to exceed this, and, therefore, this needed to be considered on a Greater Manchester level. The Director of Housing advised members that the Council's housing register included around 12,000 people and that the number with a recognised need for priority housing was around 5,000 – 5,500 per year. He further reported that approximately 4,000 homes within the social housing stock became available each year but these were not necessarily the right area and type of homes for the people in need of priority housing.

A member asked for an update on the Market Rental Pledge. The Assistant Chief Executive advised that the pledge wasn't intended to singly tackle poor standards but to get people to recognise good service and to highlight those landlords who were providing a poor service. In response to a member's question on space standards, he advised that the agreement to use the London standard was a temporary measure and further work was being carried out to decide what the Manchester standard should be.

A member asked how the priority of professionalising the private rented sector could be achieved when 70% of landlords owned three or fewer properties. The Assistant Chief Executive reported that, while the majority of the private sector worked well, there was a minority of the sector which did not work well and, therefore, a more targeted, localised approach was needed and consideration would be given to a range of options including landlord licensing and the introduction of a social lettings agency. A member expressed support for a social lettings agency.

Decision

To endorse the recommendations:

The Scrutiny Committee are invited to:

- consider the draft strategy and recommend that, subject to the approval of the Executive, it should be consulted on.
- Request that officers bring a detailed action plan to a later meeting of the committee that supports the implementation of the strategy.

Executive are invited to:

- Endorse the draft strategy for consultation and authorise the Chief Executive in consultation with the lead member for Housing to approve any final amendments required prior to consultation.

[Councillor Richards declared a personal interest as a Council-appointed member of a housing association board]

[Councillor Amesbury declared a personal interest as a Council-appointed member of a housing association board]

ESC/15/53 Greater Manchester Transport Strategy 2040

The Committee received a report of the Strategic Director (Strategic Development) which outlined the emerging Greater Manchester transport objectives and proposals to develop a new long-term transport strategy for Greater Manchester. The Committee welcomed David Newton, Transport Strategy Director from TfGM and Nicola Kane, Transport Strategy Manager from TfGM. David Newton introduced the report across its main themes.

A member reported that affordability was an issue for some people and noted that there was limited information about affordability in the report. A member expressed concern that there had been less focus on bus travel when developing the city's transport policies and that many areas were poorly served by public transport, with only limited bus services. He further reported that poor public transport links were a barrier to economic opportunities. David Newton informed the Committee that public transport strategy was closely linked to devolution and that work was currently taking place to assess the feasibility of developing a franchising model for buses, which would lead to greater control over bus services and the ability to set fares.

A member welcomed the connected neighbourhoods theme within the report and the increased ability to travel between different neighbourhood centres on the extended Metrolink line. Nicola Kane reported that the strategy recognised the importance of local travel, not just journeys to the city centre, and that TfGM would be doing more work around local connectivity issues, which would include how walking and cycling could be supported. A member welcomed the holistic approach of the strategy and the focus on walking and cycling and emphasised that people needed to feel safe to use options other than car travel. David Newton reported that significant investments was being made into cycling in Manchester and there were opportunities for future funding through the government's cycling and walking investment strategy and devolution deals. A member advised that as the city centre expanded, walking might not be a practical option for some journeys. Nicola Kane informed the committee that a detailed city centre transport strategy was being developed, including the issue of how to connect regeneration areas around city centre and that the approach would include buses and Metrolink, as well as walking.

The Chair of the TfGM Committee reported that this was an important project, taking a very long-term view of transport in the region. However, he advised members that it was difficult to forecast how technology would change within that period. He informed the Committee that devolution was key to securing improvements to bus travel through franchised services. He reported that there were likely to be a number of further extensions to Metrolink and that the region could adopt the use of tram-

trains, which were designed to run on both train and tram tracks.

In response to a member's question, David Newton advised members that the Leader and other council leaders in the north were putting pressure on the government to support the delivery of transport projects to improve regional connectivity. Members asked whether work was taking place to improve transport links to Manchester for people living in Cheshire and Lancashire. David Newton informed members that discussions were taking place with authorities in those areas, through TfGM, Transport for the North and discussions on devolution deals.

Decision

To note the report

To welcome guests from TfGM back in December and receive a further report following the consultation period

[Councillor Shilton Godwin declared a personal interest as Lead Member for Active Travel]

ESC/15/54 Living Wage Policy

The Committee received a report of the Head of Work and Skills which provided an update on the implementation of the recommendations of the Living Wage Task and Finish Group. A draft Living Wage Policy was also provided for discussion. The Statutory Deputy Leader introduced the report.

The Chair of the Living Wage Task and Finish Group thanked those who had been involved in the Task and Finish Group and developing the draft policy. He expressed concern at the impact of the government's National Living Wage policy and the potential for confusion created by its introduction and emphasised the importance of clearly communicating that this was a different initiative. He welcomed the introduction of Manchester's Living Wage Policy which he reported was based on living costs and would make a real difference to Manchester residents. He emphasised the importance of influencing and engaging with businesses to promote the adoption of the living wage and recommended monitoring and reviewing the impact of the policy and making improvements as necessary.

The Committee welcomed Tom Skinner from the Greater Manchester Living Wage Campaign, a coalition of people and organisations campaigning for a living wage across Greater Manchester. Tom Skinner welcomed the report and policy, which had incorporated most of the recommendations of the Greater Manchester Living Wage Campaign. He noted that the Council had not become an accredited Living Wage Employer, while acknowledging the difficulties the Council faced in making such a commitment due to uncertainties about its future budget. He recommended that a Greater Manchester strategy be developed in future and that Manchester City Council could play a key role in this, working with other Greater Manchester authorities.

In response to a member's question, the Executive Member for Finance & Human

Resources confirmed that all Council employees and agency workers were being paid at or above the Manchester Living Wage.

The Committee warmly welcomed the report and the draft Living Wage Policy and thanked the members, officers and campaigners involved in its development.

The Chair requested that officers work with Manchester Airport Group to identify whether they could replicate the Council's work in using procurement policies and other strategies to promote the adoption of the Manchester Living Wage and reduce the use of zero hours contracts.

Decision

1. To note the report
2. To request that the Head of Work and Skills work with Manchester Airport Group to identify whether they could replicate the Council's work in using procurement policies and other strategies to promote the adoption of the Manchester Living Wage and reduce the use of zero hours contracts.

ESC/15/55 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.

A member asked for confirmation that the motion passed at Council on 23 September 2015, requesting a report to the Committee on the economic impact of a 'no' vote in the EU referendum, would be actioned. The Chair confirmed that Scrutiny Chairs were currently working to ensure that Council motions were actioned and that they would ensure that the Committee did receive this report, which was scheduled for the 24 February 2016 meeting.

Decision

To note the report and agree the work programme