

Economy Scrutiny Committee

Minutes of the meeting held on 24 February 2016

Present:

Councillor Richards – in the Chair

Councillors Amesbury, Appleby, Bridges, Davies, Ellison, Farrell, Green, Karney, Moore, Peel, Shilton Godwin, Siddiqi, Simcock, Strong and Wilson.

Councillor Leese, Leader of the Council

Councillor Flanagan, Executive Member for Finance and Human Resources

Mike Perls, North West Chair of the Institute of Directors

Phil Cusack, Chair of the Greater Manchester Chamber of Commerce.

Simon Nokes New Economy

John Holden, New Economy

Stephen Overell, New Economy

Apologies:

Councillors Hacking, Lone, Raikes, Razaq and Smitheman

ESC/16/10 Minutes

The Chair reported that the information on the economic and social analysis developed in conjunction with New Economy [ESC/16/07] and the information on the Great Science Share [ESC/16/04], which had been requested at the 27 January meeting had not been circulated to members. She requested that the Committee Support Officer follow this up.

Decisions

1. To approve as a correct record the minutes of the meeting held on 27 January 2016
2. To request that the Committee Support Officer follow up the above recommendations from the 27 January meeting.

ESC/16/11 Quarterly Economy Dashboard

The Committee received the Quarterly Economy Dashboard, a report of the Core Performance and Intelligence Team.

Members discussed the information within the report. A member asked whether ward level information and comparator data from other UK and European cities was available which could inform the work of the District Centres Subgroup. The Performance Manager (Place and Core) reported that his team had a range of ward level data available. He further advised that the organisation Eurostats published data on European cities and his team was currently considering the potential use for this data and which European cities Manchester could meaningfully compare itself against.

The Chair requested that the Performance Manager (Place and Core) liaise with the Chair of the District Centres Subgroup regarding the information that his team could provide which would facilitate the Subgroup's work.

Decision

To request that the Performance Manager (Place and Core) liaise with the Chair of the District Centres Subgroup regarding the information that his team could provide which would facilitate the Subgroup's work.

ESC/16/12 European Union (EU) Referendum – Potential implications for Manchester of the UK leaving the EU

The Committee received a report of the Chief Executive which identified a number of issues associated with the planned referendum on the UK's membership of the European Union (EU), and the possibility of a vote to leave the EU, which were of particular relevance to the city.

The Chair advised the Committee that this report had stemmed from both the Committee's work programming session in May 2015 and from a motion passed by full Council in September 2015 and that it was recognised that this was an important issue for the city.

The Committee welcomed Mike Perls, North West Chair of the Institute of Directors, and Phil Cusack, Chair of the Greater Manchester Chamber of Commerce.

Mr Perls and Mr Cusack provided an overview of the views of the businesses within their organisations on leaving the EU. Mr Perls reported that 80% of members of the Institute of Directors had a commercial relationship with the EU through trading within EU, having a subsidiary within the EU or employing workers from other EU countries. He reported that at present 60% of their members intended to vote to remain in the EU, with 31% intending to vote to leave and the remainder undecided. He reported that members had concerns about the bureaucracy or 'red tape' of the EU but recognised the benefits of being able to trade with the single market and to attract inward investment based on this. He advised that, if the UK voted to leave the EU, the key areas of concern for businesses would be the implications for the trade agreements which were currently in place, for inward investment and the ability to attract a skilled workforce. Mr Cusack provided an overview of a number of surveys of businesses in Manchester and nationally, which showed that the majority of businesses wanted the UK to remain in the EU. He reported that the survey responses indicated that businesses' priority issues in relation to the EU were reducing 'red tape' or legislation, wanting more powers to be returned to the UK and free movement of workers. He further reported that businesses which exported only within the EU were more likely to want to remain than those which exported to the rest of the world and that large businesses were significantly more likely to want to remain in the EU.

A member advised that businesses outside of the EU were still required to comply with EU regulations when trading with EU countries but did not have any political power to influence the regulations.

A member expressed concern that a vote to leave the EU would affect inward investment to Manchester and, consequently, result in the city being unable to realise its growth plans. A member advised that the impact on the economy and jobs were the most important issues in the EU Referendum and had the most impact on Manchester residents.

Members recognised the importance of communicating the tangible implications of leaving the EU to Manchester residents and discussed how the issues could be effectively communicated. A member advised that hearing the views of local employers on how leaving the EU could affect their businesses would make the issues relevant to local residents. Members also emphasised the importance of gathering further information on the local impact of a vote to leave the EU, particularly the effect on investment and jobs in Manchester.

Members agreed that the Council should organise joint events with partners, including the airport and the universities, businesses, trade unions and workers to assess the potential impact of the UK leaving the European Union. Mr Perls welcomed this suggestion and advised that the Institute of Directors could facilitate this.

Mr Cusack advised that many companies were uncertain of the economic impact of a vote to leave the EU. He reported that some companies had already announced that they would reduce their presence in UK if the UK voted to leave the EU. However, he advised that many companies would wait to see what the impact was before making major decisions. He further reported that the Greater Manchester Chamber of Commerce was considering information from businesses on the EU Referendum and would be using this to make policy decisions on the Chamber's position.

In response to a member's question, the Leader reported that if the UK left the EU, Manchester would not be able to remain a member of the Eurocities Network, which would make it more difficult for Manchester to work with other cities. He advised members that there were a number of initiatives bringing innovation and investment to the city which relied on European funding and working with other EU cities. He welcomed the recommendation that the Council work with partners to gather evidence on the impact of a vote to leave the EU on Manchester residents.

A member requested that the Committee endorse the report and the Council's approach to the EU Referendum and support the campaign to remain in the EU. Of the 16 members present, 1 member dissented but the recommendation was endorsed by the other 15 members.

Decisions

1. To endorse the report to the Executive and the Council's approach to the EU Referendum and to support the campaign to remain in the EU.
2. To recommend to the Executive that the Council organise joint events with partners, including the airport and the universities, businesses, trade unions and workers to discuss the economic implications of the UK leaving the European Union.

3. To recognise the importance of communicating the tangible implications of leaving the EU to Manchester residents.

ESC/16/13 Greater Manchester: Economic update

The Committee received a presentation of Simon Nokes and John Holden from New Economy which included information on the Greater Manchester strategic context, future growth potential and opportunities and challenges for growth. The Committee welcomed Simon Nokes and John Holden from New Economy. John Holden advised members that the research was an important piece of economic analysis which was being carried out across Greater Manchester. He advised that this would be used to inform the development of the new version of the Spatial Framework, which would be published in November 2016. The Chair requested that the Committee receive a report on the outcomes of the research.

The Committee discussed which areas of the Greater Manchester region could be developed to accommodate a growing population. The Leader reported that the majority of the residential growth would be in central, north and east Manchester and in central Salford. He advised members of the advantages of high density residential development in terms of environmental impact. However, he reported that there was significant pressure from landowners to allow the development of greenfield sites as they were easier to develop and were more profitable. He advised members that Greater Manchester Land Commission, established as part of the devolution agreement, aimed to ensure that public sector-owned land was used effectively to create housing sites.

The Committee discussed the concentration of economic growth in some parts of the city, the need to ensure people in other parts of the city could access jobs and the importance of bus franchising in achieving this. The Leader emphasised the importance of focusing on transport and skills, which he advised were the main drivers of economic growth.

Decisions

1. To thank the guests for the presentation.
2. To receive a report on the outcomes of the deep dive research at an appropriate time.

ESC/16/14 City Centre Strategic Plan 2015/2018

The Committee received a report of the Chief Executive which provided information on the outcome of a public consultation exercise with residents, businesses and city centre stakeholders on the draft City Centre Strategic Plan 2015 – 2018. The report responded to the issues raised and proposed amendments to the plan. The Committee was invited to comment on the report prior to its submission to the Executive on 2 March 2016.

The Lead Member for the City Centre welcomed the report and the changes to the city centre over the past 25 years. He reported that Piccadilly Gardens was unfairly

criticised and that the anti-social behaviour problems in the area at night had been addressed but that the wall was unpopular and should be removed.

Members expressed concern at the affordability of housing in the city centre. The Chair advised members that these issues would be discussed in further detail at the 25 May meeting, when Committee would receive a report on the Affordability of New Homes.

A member emphasised the importance of strengthening the licensing regime to ensure that licensed premises did not impact negatively on residents and other businesses. She also advised that the city should ensure that it had a broader night-time economy offer, not focused on heavy drinking, and that other visitors were not deterred from coming to the city centre in the evening. The Leader reported that the night-time economy attracted people to work and establish businesses in the city and that a balanced approach was needed.

In response to a member's query, the Leader advised that the plan included proposals to increase and improve open public spaces.

A member noted that the report referred to the regeneration team working with the Museum of Science and Industry and other stakeholders on the visitor offer and amenities in the area but that this was not then included in the appended plan. He requested that this be added: He also emphasised the importance of Liverpool Road Railway Station to the visitor offer, as the first passenger railway station in the world. He further requested that the wording in relation to schools be strengthened, supporting the principle of creating additional education facilities and working with any reputable and established providers seeking to deliver an appropriate offer for families in the city centre and surrounding areas. The Leader and the Head of City Centre Growth and Regeneration agreed that these amendments could be made.

A member emphasised the importance of improving access to the city centre, in particular making improvements to the inner relief road. The Leader agreed that improvements were needed, including improved signage. He reported that work was due to start in June 2016 on the Regent Road/Mancunian Way junction which would increase capacity.

In response to a member's question, the Leader reported that the city centre was served by approximately 35,000 to 36,000 parking spaces, a lot of which were surface car parks on the edge of the city centre or in Salford. He reported that a lot of the surface car parks would be closing down over time and it was planned to maintain a similar level of parking spaces, by replacing these with multi-storey car parks with easy access to the inner relief road.

Decision

To endorse the recommendations to the Executive that:

The Executive is recommended to:

- i. note the comments received from residents, businesses and city centre stakeholders on the Strategic Plan and the responses to the comments;
- ii. note and endorse the extended boundary of the city centre on which the Strategic Plan is based, included as an annex to the City Centre Strategic Plan 2015 - 2018; and
- iii. endorse the amendments to the City Centre Strategic Plan 2015 – 2018, set out as conclusions within Section 5 of this report, and approve the publication of the final document.

[Councillor Appleby declared a personal interest as an employee of Manchester College.]

ESC/16/15 Devolution Update

The Committee received a report of the Strategic Director (Strategic Development) which summarised the additional freedoms and flexibilities awarded to Greater Manchester as part of a further Devolution Agreement, announced as part of the Spending Review on 25 November 2015.

The Committee discussed the need for more affordable rented housing, the challenges to this and the Greater Manchester Combined Authority (GMCA)'s role in housing development. Members noted that the Committee would receive a report on the Affordability of New Homes at its 25 May meeting.

Members noted the range of issues in the Devolution work programme, at Appendix 2 in the report, and discussed how to ensure scrutiny members could consider this information in advance of decision-making. The Leader advised members that the document set out the medium-term work programme for the GMCA and that it should be shared with all Manchester City Council scrutiny committees, so that they could consider items within their remit. The Committee agreed to consider items from the Devolution work programme within the Committee's remit at the appropriate time and to ask the Head of Policy, Partnerships and Research to inform the Scrutiny Support Officer of changes to the proposed timescales.

The Committee discussed the comments of Sir Michael Wilshaw, Head of Ofsted, reported in the press, that underperforming schools could put the 'Northern Powerhouse' at risk. The Leader agreed that improving education standards was key to economic growth. He informed the Committee that the Manchester secondary schools where less than 50% of pupils achieved five good GCSEs were all academies, over which the Council had no direct control, but that the Council needed to use its influence to improve the performance of these schools.

Decision

To consider items from the Devolution work programme within the Committee's remit at the appropriate time and to ask the Head of Policy, Partnerships and Research to inform the Scrutiny Support Officer of changes to the proposed timescales.

ESC/16/16 Low pay/ low productivity including the Living Wage

The Committee received a presentation from Stephen Overell, New Economy on Low Pay and Productivity, a report from New Economy on the principal findings from the Low Pay and Productivity Research and a report of the Head of Work and Skills on the Living Wage Policy. The Committee welcomed Mr Overell who provided an overview of the presentation.

The Committee discussed the changes in the nature of employment, including a more flexible labour market, where some people worked a different number of hours each week, sometimes for more than one employer, increased self-employment and use of split shifts. Members expressed concern at the impact on job security, employment rights and on benefit claims. The Committee agreed to consider this in more detail at a future meeting.

Members welcomed the Living Wage report. In response to a member's question, the Executive Member for Finance and Human Resources advised members that the Manchester Minimum Wage was set at the same level as the Real Living Wage. However, he advised that, because the Real Living Wage was reviewed at a time of year which did not fit in with the Council's budget planning process, the Council had not formally adopted the Real Living Wage and used its own terminology. He also emphasised the importance of offering training and development for low-paid staff to enable them to progress. He further advised that the Ethical Procurement Task and Finish Group had recommended that all procurement contracts have a social value of 20% and that this would encourage contractors to pay better wages to their lowest paid staff.

Decision

To receive a report on changes in employment contracts and labour market flexibility and the implications for workers in Manchester.

ESC/16/17 Final Report of the Tax Avoidance Task and Finish Group

The Committee received the final report and recommendations of the Tax Avoidance Task and Finish Group. The Task and Finish Group carried out an investigation into the practical measures the Council could take to tackle tax avoidance, including through its procurement process, and how it could influence other organisations to combat tax evasion and aggressive tax avoidance.

The Chair of the Tax Avoidance Task and Finish Group recommended that the report be referred to the Executive, which would be considering the Ethical Procurement Policy at its 2 March 2016 meeting, in particular to draw their attention to the first recommendation "To welcome the inclusion of tax avoidance criteria in the Council's procurement process and to recommend that the relevant documentation be amended to bring it in line with the Christian Aid motion."

The Executive Member for Finance and Human Resources reported that avoidance of business rates was another area of concern and that the Council should investigate this further and identify ways to tackle it. He advised members that he

intended to raise this at Executive. Members supported this and agreed to consider this as part of a future report.

Decisions:

1. To note the findings of the Task and Finish Group and endorse the recommendations as set out in the report.
2. To recommend that the report be referred to the Executive, which would be considering the Ethical Procurement Policy at its 2 March 2016 meeting, in particular to draw their attention to the first recommendation "To welcome the inclusion of tax avoidance criteria in the Council's procurement process and to recommend that the relevant documentation be amended to bring it in line with the Christian Aid motion."
3. To support the recommendation that the Council investigate the economic impact of the avoidance of paying business rates and identify ways to tackle it and to consider this issue as part of a future report.

ESC/16/18 Membership of the District Centres Subgroup

Decision

To agree the membership of the District Centres Subgroup as Councillors Bridges (Chair), Hacking, Richards, Farrell, Amesbury, Siddiqi, Karney, Simcock and Shilton Godwin.

ESC/16/19 Overview Report

A report of the Governance and Scrutiny Support Unit was submitted. The overview report contained key decisions within the Committee's remit, responses to previous recommendations and the Committee's work programme. The Committee was asked to approve the work programme.

The Committee received late reports for three items. The report on the European Union (EU) Referendum – Potential implications for Manchester of the UK leaving the EU was received late due to clearance delays. The City Centre Strategic Plan report was late as the report was only being made available at short notice. The presentation and reports for the item on Low pay/ low productivity including the Living Wage were late due to clearance delays and because some of the documents were provided by an external source.

Decision

To agree the work programme.