

## **Economy Scrutiny Committee**

### **Minutes of the meeting held on 12 October 2016**

#### **Present:**

Councillor Richards – in the Chair

Councillors Appleby, Davies, Farrell, Green [ESC/16/43 - ESC/16/46], Hacking [ESC/16/43 - ESC/16/47], S Judge, H Priest, Raikes [ESC/16/43 - ESC/16/46], Razaq, Shilton Godwin and A Simcock

Councillor Leese, Leader

Councillor Flanagan, Executive Member for Finance and Human Resources

Tim Newns, MIDAS

Sheona Southern, Marketing Manchester

James Manley, Redgate Holdings Ltd

Lynne Stafford, Gaddum Centre

Mark Hughes, Manchester Growth Company

Alex Davies, Greater Manchester Chamber of Commerce

#### **ESC/16/43                      Minutes**

Councillor Hacking reported that his interests under the Implementation of the Greater Manchester Area Review and Devolution of Skills item should read 'prejudicial' not 'disclosable pecuniary'. The Committee agreed to this amendment.

#### **Decision:**

To approve as a correct record the minutes of the meeting held on 7 September 2016, subject to the above amendment.

#### **ESC/16/44                      Inward Investment**

The Committee welcomed Tim Newns from MIDAS (Manchester's Inward Investment Agency, which was part of Manchester Growth Company). Mr Newns delivered a presentation which provided an update on attracting inward investment and maximising the potential of investment in the city, including the work of MIDAS. He outlined the structure of the Manchester Growth Company, MIDAS's role and priorities and its impact on investment in the city.

The Chair expressed concern that the Committee had received a presentation rather than a detailed report and that it had been received late. A member also expressed concern that the presentation was not yet available on the website so any members of the public watching the webcast live would not be able to see the presentation slides which were being discussed. She requested that the presentation be uploaded to the website as soon as possible. The Chair recommended that, in future, if presentations and reports were received too late to be uploaded prior to the meeting that they not be considered at the meeting. She also requested that this recommendation be shared with the other scrutiny committees. The Chair also requested that an item for information, providing more detailed information on Inward

Investment, be circulated to members and that, on receipt of this, members consider whether they wanted to scrutinise this further at a future meeting.

A member commented on the changing structure of the Manchester Growth Company and asked how well integrated the different parts of the organisation were. The Leader advised members that the Manchester Growth Company had brought a number of separate companies into an integrated structure and that there would be further change as next year New Economy would transfer from the Growth Company to the Greater Manchester Combined Authority (GMCA). In response to a member's question, the Leader outlined the income sources for the Manchester Growth Company, informing members that most of its income came from public sector contracts, primarily to provide employment and skills services. He also reported that the Company was owned by the GMCA. The Chair recommended that the Committee receive an update on the role of the Manchester Growth Company at a future meeting.

In response to a member's question, the Leader reported that the role of MIDAS was primarily to attract investment and jobs to the city and that the Council and other parts of the public sector were responsible for helping Manchester residents to take advantage of these employment opportunities.

#### **Decisions:**

1. To request that an item for information, providing more detailed information on Inward Investment be circulated to members and for members to then consider whether they want to scrutinise this further at a future meeting.
2. To receive an update on the role of the Manchester Growth Company at a future meeting.
3. To recommend that if presentations and reports are not available online before the meeting that they not be considered at the meeting and to share this recommendation with the other scrutiny committees.

#### **ESC/16/45                      Manchester's Visitor Economy**

The Committee welcomed Sheona Southern from Marketing Manchester. The Committee received a report from Marketing Manchester which provided an overview of Manchester's visitor economy. Ms Southern introduced the report across its broad themes. In response to members' questions she outlined how the figures in the report on visitors to Manchester and the value to the economy were calculated.

A member asked how Marketing Manchester promoted areas outside the city centre and their district centres. The Leader reported that Marketing Manchester received funding from the Council and from the GMCA for international and national marketing and that they did not receive funding for local marketing of district centres. In response to a member's question about using the Visitors Centre to promote areas outside the city centre, the Leader reported that Marketing Manchester and the Council were currently carrying out a review of visitor information services. However, he advised that the main reason for attracting visitors to the city was to support businesses which created jobs and the best location for job creation was the city centre as this was easily accessible for residents across the city. Ms Southern

reported that a strategy was being developed on visitor information services as visitors were increasingly accessing information digitally, rather than visiting a Visitor Information Centre. She reported that members could get involved in this through the Visitor Information Steering Group. The Chair recommended that the District Centres Subgroup consider how District Centres are marketed.

Members discussed how Manchester residents could gain the skills and work experience needed to access jobs in the visitor economy. The Chair requested that the Committee receive a further report at an appropriate time to include New Economy's deep dive research on jobs and skills in the sector, an analysis of the skills gap within the city for this sector and apprenticeship schemes.

#### **Decisions:**

1. To request a further report at an appropriate time to include New Economy's deep dive research on jobs and skills in the visitor economy sector, an analysis of the skills gap within the city for this sector and apprenticeship schemes.
2. To recommend that the District Centres Subgroup consider how District Centres are marketed.

[Councillor Farrell declared a personal interest as an employee of Manchester Airport Group (MAG).]

#### **ESC/16/46                      The Impact of Procurement Policies on Small and Medium Businesses**

The Committee received a report of the Head of Corporate Procurement which provided an update on the impact of the Council's procurement policies on small and medium businesses including comparable data across Greater Manchester authorities and Central Government. The Executive Member for Finance and Human Resources advised that this was a positive report. He outlined how the Council was working with the Greater Manchester Chamber of Commerce to make the procurement process more accessible for small and medium enterprises (SMEs), including simplifying the process and splitting work into smaller contracts.

The Committee welcomed Lynne Stafford from the Gaddum Centre and James Manley from Redgate Holdings Ltd, two SMEs which had successfully bid for Council contracts.

Ms Stafford reported that her organisation had bid for Council contracts on three occasions, two of which had been successful, and outlined her organisation's experiences. She reported that the first time two years ago the process had been complex and required a lot of information. She informed members that her organisation had been in a good position to provide this information and found it a positive experience but she felt that some SMEs would find the amount of information required overwhelming and might have been deterred from bidding for a contract. She informed members that her organisation had bid for another contract six months ago and that the paperwork had appeared less onerous although some of the information required, for example, on the outcomes of their work, was challenging to

complete. She also reported that approximately 15 months ago her organisation had been encouraged by commissioners to bid for a small contract but that the contract had been awarded to a London-based company as they were better able to demonstrate the social value element of the contract.

Mr Manley outlined his experience of successfully bidding for a contract with the Council. He reported that overall it had been a positive experience and, although at the beginning it had seemed like a lot of work to complete all the required information, the Council's online e-tendering portal 'The Chest' had been useful in helping to clarify what was required. He also informed members that his company had been involved in the research carried out by the Centre for Local Economic Strategies (CLES) which was referred to in the report. He reported that this had been a positive experience and had educated his business on the benefits of employing local people and that now approximately 65% of his employees were Manchester residents.

A member noted that a launch event to promote the Ethical Procurement and Social Value policies was taking place on 28 February 2017 and requested that members of the Committee be invited to attend this.

A member noted the earlier item which had outlined how MIDAS was attracting large companies into the city and that these companies would have their own procurement needs. She asked whether the Council could work in partnership with MIDAS to look at how the Council's work on making its contracts accessible for SMEs could translate to these large companies and how they procure. The Chair recommended that the Council ask MIDAS to consider how discussions with large investors could include consideration of their supply chain.

The Chair requested to receive an update report at an appropriate time.

#### **Decisions:**

1. To receive an update report at an appropriate time.
2. To request that members be invited to the launch event to promote the Ethical Procurement and Social Value policies on 28 February 2017.
3. To recommend that the Council ask MIDAS to consider how discussions with large investors could include consideration of their supply chain.

#### **ESC/16/47 Budget Process 2017-2020: Update and Next Steps**

The Committee received a report of the City Treasurer which provided an overview of the budget process to date and the next steps, including details of the Budget Conversation which closed on 16 September. The Executive Member for Finance and Human Resources provided an overview of the report, outlining the process, including the involvement of the scrutiny committees and engagement with the public.

The Committee discussed levels of engagement in different wards and with different sections of the community and whether these could be improved. Members emphasised the need to improve engagement with Black and Minority Ethnic (BME)

residents and also to gather more views on adult social care services and children's services from people who used these services. The Executive Member for Finance and Human Resources reported that the Council was using a range of methods to engage with different groups of residents and commended the Communications Team on their work. He advised that engagement from the public so far had been higher than in previous budget consultation processes and that the public would be more likely to engage once the options were known, if there were particular options which they had strong views on.

A member requested that feedback from residents in each ward be shared with the ward councillors so they could better understand the views of local residents on the budget priorities.

In response to a question from the Chair, the Leader reported that the budget savings options were developed in parallel with the Budget Conversation so the scrutiny committees should take into account this feedback from the public when making their recommendations at the November meeting.

A member reported that, while all the scrutiny committees had received the same report on the budget process, the Resources and Governance Scrutiny Committee had received an appendix which summarised the analysis of the responses to the Budget Conversation with the public. He advised that it would be useful for the Economy Scrutiny Committee to have this information to assist them when scrutinising the budget savings options at the November meeting. The Executive Member for Finance and Human Resources reported that the Resources and Governance Scrutiny Committee had requested this additional information but that this could be circulated to members.

The Chair advised that, when scrutinising budget savings options at the November meeting, members wanted information on the wider context of the budget for the service and what other options there were.

The Chair recommended that consideration be given to how the scrutiny of the budget could be divided between the six scrutiny committees, advising that a more equal division would ensure that all areas of the budget could be scrutinised in depth. The Leader advised that the six chairs of the scrutiny committees should agree between them how the scrutiny of the budget savings options would be divided but that if no consensus was reached a meeting of the Co-ordinating Group could be arranged to resolve this.

## **Decisions**

1. To request that feedback from residents in each ward be shared with ward councillors.
2. To request that the additional information provided to the Resources and Governance Scrutiny Committee be circulated to members of Economy Scrutiny Committee.
3. To request that, when scrutinising the budget savings options at its November meeting, the Committee receive information on the wider context of the budget for the service and what other options there are.

4. To request that the Chair liaise with the other scrutiny chairs to agree how the scrutiny of the budget savings options will be divided between the six scrutiny committees.

### **ESC/16/48                      Impact of the European Union (EU) Referendum Outcome on the Economy**

The Committee received a report of the Strategic Director (Development) which provided background information on the European Social Fund (ESF) and details of the ESF strategies and investments over the past 20 years. It also included the most recent developments following the EU Referendum vote and subsequent Government announcements related to the current and future status of ESF investments in the City and across Greater Manchester.

The Committee welcomed Mark Hughes from the Manchester Growth Company and Alex Davies from the Greater Manchester Chamber of Commerce.

Mr Hughes informed members that his organisation had interviewed 400 businesses across Greater Manchester about their intentions following the EU Referendum outcome and 15% had said they would decrease or put a hold on investment and about 22% had reported that the outcome would affect their plans for hiring staff. However, he reported that, over time, the reaction from businesses had changed slightly from negative to a more neutral stance, where businesses reported that they didn't know what the impact would be on their business when the Brexit process got underway and they were just continuing to operate as normal in the interim. He advised that there would be increased volatility once the negotiations started.

Mr Davies informed members that most businesses had reported no impact so far but that it varied across different sectors with manufacturing and service industries reporting that it presented a significant risk of them reducing their investment and the construction industry reporting that there was a significant risk of them reducing recruitment.

The Chair noted that the scope of the report was narrower than the Committee had requested but she had been informed that some of the information requested might not yet be available.

In response to a member's question, the Leader reported that New Economy was producing a monthly Brexit Monitor, which provided information on the impact of the outcome of the EU Referendum. He also informed members that the Executive was receiving a report at its 19 October meeting which would provide broader information on the implications of Brexit.

A member expressed concern that the Committee had not received the broader report that was going to the Executive, when the Committee had requested this information. The Chair requested that the report to the Executive be included as a Report for Information at the Committee's next meeting on 9 November 2016. She also requested that officers co-ordinate the timing of the reports they proposed to take to the Executive and to Economy Scrutiny Committee so that reports that the

Committee had requested were considered by the scrutiny committee first. The Strategic Director (Strategic Development) reported that he would look into this issue.

**Decisions:**

1. To request that the report on The Implications of Brexit which was due to be considered at the meeting of the Executive on 19 October be included as an Report for Information at the Committee's next meeting on 9 November 2016.
2. To note that the Strategic Director (Strategic Development) will consider how the timing of reports for the Executive and the Economy Scrutiny Committee could be co-ordinated so that reports that the Committee has requested are considered by the scrutiny committee first.

[Councillor Hacking declared a disclosable pecuniary as he benefited from funding though the Greater Manchester European Structural Investment Funds and left the room for this item.]

**ESC/16/49                      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, which the Committee was asked to approve.

The Committee received three late reports which were published in a revised agenda. The report on the Council's approach to Budget Setting 2017/18-2019/20 was received late as the budget reports were published simultaneously. The report on the Visitor Economy was received late because it was provided by an external source. The Impact of the European Union (EU) Referendum Outcome on the Economy was received late as the Chancellor of the Exchequer made a significant announcement on 3 October which affected the content of the report and officers took a decision to change the report to ensure the content was up to date. In addition, a presentation on Inward Investment was received late because it was provided by an external source and this presentation was published in a supplementary agenda.

**Decision**

To approve the work programme.