

Economy Scrutiny Committee

Minutes of the meeting held on 8 November 2017

Present:

Councillor Richards– in the Chair

Councillors Davies, Green, H Priest, Raikes, Shilton Godwin and A Simcock

Councillor Leese, Leader

Councillor B Priest, Deputy Leader

Councillor Flanagan, Executive Member for Finance and Human Resources

Apologies: Councillors Hacking and Razaq

ESC/17/45 Minutes

Decision

To approve as a correct record the minutes of the meeting held on 6 September 2017.

ESC/17/46 Housing Affordability Plan

The Committee considered a report of the Strategic Director (Development), presented by the Director of Housing and Residential Growth, which set out a number of ways for the Council to invest directly into the provision of additional affordable homes for Manchester residents on or below the city's average household income, which would complement the new build Manchester Affordable Homes Programme.

Officers referred to the main points and themes within the report which included:-

- the four proposed Housing Affordability zones;
- HAF funding streams;
- ownership and management options for residential new build;
- purchasing of the Council's housing stock by existing tenants;
- access to homes via Rent to Purchase and Mortgage Guarantee schemes; and
- investment criteria and governance of the HAF

Some of the key points that arose from the Committees discussions were:-

- why had there been no HAF's identified within the Withington constituency?
- concern was expressed that there was a perception amongst Manchester residents that the Council was not investing in affordable housing;
- clarification was sought as to the target of affordable homes the Council aimed to provide each year;
- where were current affordable homes located across the city;

- improved communication with residents was required on the housing investments made and in the city centre and the wider city area;
- what engagement had taken place in relation to the HAF proposed for Wythenshawe town centre and how did this relate to the master plan for the town centre;
- what was the implication for housing affordability for areas that had not been identified as a HAF;
- disappointment was expressed that there appeared to be a missed opportunity in addressing a reduction in carbon reduction within existing council properties;
- what criteria was used to select the four HAF zones and was this the same criteria for each zone;
- how will proposed models of affordability differ to reflect or enhance existing local communities; and
- had the city and the required skills set to deliver the affordable homes target.

The Director of Housing and Residential Growth advised that the proposals for HAF zones didn't exclude affordable homes elsewhere in the city. These proposals were actually in addition to the current proposals for delivering affordable homes across the city. It was agreed to share with Elected Members where all affordable housing sites were located across the city and what was being delivered at each site. It was explained that the zones were chosen on the basis of land availability and opportunity to the Council. There were no other areas in the city where the Council had either the same level of land ownership or the level of influence and control over land ownership. Work was now ongoing in these areas to help map out the right approach to adopt for each zone in terms of the type of affordable homes to provide. Once developed, Ward Councillors and Elected Members in general would be consulted on these proposals.

In terms of having the skills to deliver the target of affordable homes, there had been work undertaken around modern methods of construction and off site manufacturing (modular builds). Although this was a fledgling industry, it was anticipated that within the next 12 to 18 months there would be some modular builds within the city and if there was a significant supply pipeline, it was possible that the industry could be attracted to locate in the Greater Manchester region. In addition through existing contract and procurement arrangements, the Council was continuing and expanding its request for successful contractors to provide employment training and skills development for Manchester residents.

The Strategic Director – Development advised that although there was already a scheme within the Withington constituency that had significantly contributed to the HAF, unfortunately, the Council did not have significant land holdings within the constituency that could accommodate the same scale of proposed development with the four HAF zones. The type of development more likely within this constituency would be smaller infill sites. It was reported that the four HAF zones had also been chosen due to their strong public transport network links. In relation to Wythenshawe Town Centre, it was anticipated that proposals for redevelopment would be submitted to the Executive early in 2018.

In terms of retrofitting existing properties to address carbon reduction, it was reported that government funding for such work had diminished, particularly in the private and owner occupied sectors. It was noted however that the four Housing providers who managed Council properties, post stock transfer, continued to invest in carbon reduction on their properties.

The Deputy Leader confirmed that the Council had made a commitment to deliver between 1000 and 2000 affordable homes each year. The Council was on track to deliver this, but in order to ensure this commitment was honoured there was a need bring forward sites that allowed development at a large scale.

Decision

The Committee:-

- (1) requests that future reports on housing affordability contain a stronger narrative on how the Council recognises and addresses variances in income inequality in different areas of the city.
- (2) requests Officers give more consideration to environmental standards as part of the requirements of the Council's capital programme delivery process;
- (3) requests more information on who will qualify for the different types of affordable housing products that will be offered and what criteria will people be assessed against; and
- (4) requests a further report on the outcome of the consultation with stakeholders in relation to the proposed Housing Affordability Zones be submitted to a future meeting of the Committee.

ESC/17/47 The Growth Company's business support activity in Manchester

The Committee considered a report of the Chief Executive, Manchester Growth Company, which provided an update on the range of services delivered by The Growth Company to support business start-up and growth in Manchester, and to attract inward investment into Manchester. The report also provided information on the performance of Growth Company business support services for 2016/17 and the first quarter of 2017/18.

Officers referred to the main points and themes within the report which included:-

- the support provided to small and medium size enterprises (SMEs) by the Greater Manchester Business Growth Hub (BGH);
- notable projects secured by MIDAS (Greater Manchester's inward investment agency) and the additional GVA for Manchester that this equated to;
- work undertaken by the International Trade team, who delivered export advice to SMEs across the North West;
- the role of Business Finance Solutions (BFS), which was a Community Development Financial Institution offering a range of alternative finance products;

- how the Growth Company recognised its role as a Greater Manchester anchor institution and how it has sought to better identify and capture the social value it creates through its own actions; and
- future developments in relation to maintaining and expanding the Growth Company's services.

Some of the key points that arose from the Committees discussions were:-

- was the decision by Distralec (a Swiss distribution company) to relocate to their European office to Manchester made before or after the decision on Brexit;
- did the Growth Company pay the National living wage or Manchester's living wage;
- how many jobs would Hero Cycles' global design centre create for the city and would these jobs go to Manchester residents;
- was the proposal to work with businesses that could not be supported due to ERDF restrictions was in preparation of Brexit;
- what was the role and relationship of the Growth Company and schools in terms of bringing real benefit and opportunities for employment amongst young people;
- was there any indication from government in relation to funding post 2021 when the UK leave the European Union; and
- was there any work being done by the Growth Company to encourage businesses and inward investors to provide the living wage. to

The Chief Executive, Manchester Growth Company advised that the decision to relocate by Distralec was made ahead of the Brexit referendum, although implementation was taking place post the Brexit decision. It was noted that in terms of inward investment, since the Brexit decision, projects were taking longer to come to fruition and were becoming smaller. It was reported that the Growth Company paid all staff a minimum of the living wage foundation, which was slightly higher than the national living wage. In terms of Hero Cycles a commitment was made to provide Committee Members with the number of jobs this would provide.

The Chief Executive advised that in relation to ERDF, this funding was in place until 2021 but excluded some sectors and areas activity. Given the priorities for Manchester, there was work that the Growth Company was doing with these sectors that drew down non-european funding that were to the benefit of residents of Manchester and the wider Greater Manchester conurbation. In terms of funding post 2021, the government was in discussions with a number of bodies, including the GMCA, around proposals for a prosperity fund and what this could look like.

The Leader advised that the reference to ERDF in the report was in relation to eligibility for funding and had no connection to preparation after Brexit. He commented that it was not a principle function of the Growth Company to foster and develop relationships between business and schools and that rather, this was a role for the Local Authority to manage through the Strategic Education Partnership. The Chief Executive of the Growth Company acknowledged the general need for a smoother mechanism for young people and business to find out about one another.

It was reported that the Growth Company had had an Inclusive Growth Policy Paper adopted in June 2016 which had a range of issue to engage with businesses on, including employment practices and the provision of the Living Wage and removal of zero hours contracts.

Decision

The Committee:-

- (1) notes the report;
- (2) requests for a future update on the development of the prosperity fund for post 2021 and the work the Council is undertaking to deliver a local Industrial Strategy

ESC/17/48 Manchester's Visitor Economy

The Committee considered a report of the Managing Director, Marketing Manchester, which set out the role of Marketing Manchester (part of The Growth Company) in developing the City's visitor economy, with a focus on employment growth and skills needed for the visitor economy.

The report presented an overview of the current performance of the tourism sector and highlighted of Marketing Manchester's recent activity and future priorities and gave an analysis of issues and opportunities in tourism sector skills and apprenticeships.

Officers referred to the main points and themes within the report which included:-

- accommodation supply and occupancy performance;
- business visits/events and international visitors;
- the launch of the Greater Manchester Internationalisation Strategy;
- the action plan (Destination Management Plan) for the visitor economy for Greater Manchester and its strategic aims;
- the critical success factors for continued growth;
- the challenges in attracting people to work and remain in the hospitality, leisure and tourism industry within Greater Manchester; and
- the main skills challenges facing firms in Greater Manchester

Some of the key points that arose from the Committees discussions were:-

- there appeared to be a disjunction in terms of lack of job progression and claims of hard to fill vacancies. Why weren't positions being filled from within existing staff teams and what support could be given to increase levels of talent development rather than talent attraction;
- how could promotion of tourism be funded in comparison to peer competitor cities;
- what work was the tourism industry doing to help address the perception that Manchester was unpleasantly dirty and un-welcoming;
- how were labour and skills providers meeting demands of the industry;

- how was the international media coverage of Manchester benchmarked and how did it compare to other core cities; and
- were there any plans to expand the scope/role of MDrive toolkit.

The Leader advised that the Council or the GMCA had the power to impose a hotel room tax on businesses to aid in the promotion of tourism, however as part of the devolution proposals, the Combined Authority have regularly put proposals to Government that Manchester ought to have the power for small localised taxations. The Council had previously tried to entice the industry into a Tourism Bid but most Hotel chains and had corporate policies that opposed such bids. It was acknowledged that the industry often expected monies to be spent on areas that they would be the beneficiaries of, such as street cleanliness, but not be required to contribute to these areas. It was reported that the largest single waste issue within the city centre arose from trade waste and a piece of work was being undertaken to ensure all businesses within the city centre took accountability for the waste they produced.

The Managing Director, Marketing Manchester advised that in terms of talent development and talent attraction, the suggested five point strategic plan addressed both of these areas. Within the tourism sector there was a high levels of staff turnover which made it difficult to develop skills for progression. To address this it was acknowledged that there was a need to improve the promotion of opportunities for progression and appeal for working within the tourism sector. A pre-recruitment programme was also being developed to help young people and those unemployed gain a better understanding of the requirements of roles within the sector prior to undertaking a job interview.

It was reported that following an analysis of the quality of the visitor attraction for Manchester, in comparison to other cities, Manchester rated far higher in terms of exceeding expectations. Work was ongoing to address perceptions of cleanliness across the city. In terms of the MDrive, this toolkit was a resource to share across all global ambassadors who promoted the city and was available for anyone within Greater Manchester to use.

The Head of Work and Skills agreed to provide to Committee Members information outside of the meeting in terms of training provision available and take up within the sector.

Decision

The Committee

- (1) notes the report; and
- (2) agrees to revisit the issue around skills challenges within the hospitality and tourism sector at a future meeting.

ESC/17/49 The Greater Manchester Investment Fund

The Committee considered a report of the Strategic Director (Development), presented by the Investment Director – Greater Manchester Combined Authority (GMCA), which set out the range of funds that operated under the umbrella of the “Greater Manchester Investment Fund” and highlighted the issues and challenges as well as new opportunities for funding that were currently under discussion. The Committee was also informed of the impacts of the investments made by the Fund into Manchester.

Officers referred to the main points and themes within the report which included:-

- details on the range of financial instruments that Greater Manchester had access to in order to support the delivery of the city region’s economic strategy.
- details of the current funds under management in relation to property and business;
- how and where funds were being invested;
- the challenges in relation to geographical focus, viability, resourcing and declining fund sizes;
- the distribution of funds under management; and
- future options in relation to available funding streams.
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A key point that arose from the Committees discussions was:-

- were there any notable gaps in what the various schemes were able to support

The Investment Director advised that in relation to the Housing Investment Fund (HIF), this was predominantly focussed with investment within Manchester city centre and there was a need to expand this focus beyond the city centre. This would be the focus of an updated investment strategy which would be going to the Combined Authority for consideration. Across the other funds there was a more diverse spread of investment and were geographically spread across GM. The Leader advised that the second round of HIF would require a more varied profile for investments which would need to include a proportion of large scale developments. He advised the Committee that the purpose of the GM funds was to try and fill gaps that other investment funds (Banking, private equity) that would not supply.

The Strategic Director – Development suggested that the Committee may wish to look at the work of Business Finance Solutions of the Growth Company including the breadth and depth of this work at a future meeting.

Decision

The Committee:-

- (1) notes the report; and
- (2) agrees to take a steer from the Strategic Director – Development as to what areas the Committee may wish to consider looking at in the future.

ESC/17/50 Manchester's Living Wage Policy

The Committee considered a report of the Strategic Director (Development), presented by the Head of Work and Skills, which provided an update on the implementation of the recommendations of the Living Wage Task and Finish Group and Living Wage Policy.

Officers referred to the main points and themes within the report which included:-

- the difference in earnings between the real Living Wage and the governments 'National Living Wage' and the widening gap between the real Living Wage and those earning the government minimum wage who were aged under 25;
- the commitment by the Council to increase the Manchester Minimum Wage for Council employees;
- the take-up of the Manchester Minimum Wage and its adoption by schools, contractors and agency suppliers;
- increases in wages for workers in the City and working Manchester residents were not keeping pace with the increases to the real Living Wage;
- male wages in Greater Manchester had declined by over 3% since the 2008 recession;
- women's wages in Greater Manchester had improved slightly better, however, much of this increase had been as a direct result of the government's 'National Living Wage' for over 25's; and
- the Council's Work and Skills team had actively engaged with employers across the city to promote payment of the real Living Wage, local recruitment, work experience, apprenticeships and social value.

Some of the key points that arose from the Committees discussions were:-

- Members were pleased to see that the Council had become the first local authority in Greater Manchester to sign up to the UNISON Ethical Care Charter but acknowledge the difficulty it would be to progress and fund this commitment;
- as the national living wage had the arbitrary bracket of being 25 or over to qualify for receipt of this minimum wage, what could be done to help support those under 25's to help mitigate against penalties that they faced in the workforce due to their age;
- what impact has implementing the Manchester Living wage had on the Council's pay scales;
- what influence does the Council have to influence other organisations to adopt the Manchester Living wage.

The Executive Member of Finance and Human Resources advised that the Council was under considerable pressure within Adult Social Care. Committing to the Manchester Living Wage in this sector would cost the Council a further £11 million per year which the Council was not able to finance. As such the Council was committed to bridging the gap in pay as quickly as possible through upskilling the workforce. He gave a commitment to ensure that the Manchester Living Wage increased in line with the increase to the national living wage as soon as possible.

The Executive Member welcomed scrutiny of what the impact of the national living wage was for under 25's within the workforce and the support that was available to them. In terms of Manchester City Council pay scales, it was reported that due to set pay scale bandings, the implementation of the Manchester living wage had not had a detrimental effect on the Council. He gave a commitment to ensure that all contracts awarded by the Council offered the Manchester Living Wage as a minimum hourly rate.

The Head of Work and Skills advised that feedback received from a meeting with young people was that there was a lack of knowledge in terms of broader issues, such as how to access the housing market and in terms of the difference between advertised salaries and the actual salary received (in relation to statutory deductions such as National Insurance and Tax). It was acknowledged that there was further work the Council could be doing to address these areas for young people.

Decision

The Committee notes the report

ESC/17/50 Budget Refresh 2018 – 2020

The Committee considered a report of the Strategic Director (Development) and City Treasurer, presented by the Executive Member for Finance and Human Resources, which set out a proposed budget refresh process for 2018-20, including proposals for scrutiny of Directorate Budget and Business Plans.

Officers referred to the main points and themes within the report which included:-

- although a three year budget was set in March, the Council's budget and business plans were kept under continuous review to ensure the Council could respond to new and emerging challenges and opportunities;
- there were unavoidable cost pressures arising throughout the budget period, such as those relating to demand and price changes in Adult Social Care and Children's Services;
- whether the Committee wished to consider the refreshed versions of the directorate budget and business plans that it scrutinised during the last budget cycle; and
- the proposed budget refresh timetable in full

Decision

The Committee:-

- (1) agrees to look at the refreshed versions of the directorate budget and business plans that it scrutinised during the last budget cycle with the exception of Directorate Budget Report Extract* – Corporate Core for PPR and PRI; and
- (2) agrees to look at the impact of Universal Credit when it reconsiders the business plans at its meeting in January 2018

ESC/17/44 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which contained key decisions within the Committee's remit and responses to previous recommendations was submitted for comment. Members were also invited to agree the Committee's future work programme.

It was proposed that due to the Christmas break, to rearrange the work programme scheduled for the 3 January 2018 to the 28 February 2018 as this meeting was scheduled to be composed of a significant number of external contributions.

A request was made that the Committee consider a future report on whether the Council was considering a scheme to develop its own energy company akin to a scheme adopted by Nottingham City Council.

Decision

The Committee

- (1) notes the report;
- (2) agrees to rearrange the work programme scheduled for the 3 January 2018 to the 28 February 2018; and
- (3) agrees to add to its work programme a report on whether the Council was considering a scheme to develop its own energy company