

Economy Scrutiny Committee

Minutes of the meeting held on 31 January 2018

Present:

Councillor Raikes– in the Chair
Councillors Green, Hacking, H Priest, Razaq, Shilton Godwin and A Simcock

Councillor Leese, Leader
Councillor B Priest, Deputy Leader
Councillor Stogia, Executive Member for Environment

Apologies – Councillor Davies and Richards

ESC/18/07 Minutes

Decision

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

ESC/18/08 Construction Skills for the future

The Committee considered a report of the Head of Work and Skills, which provided an overview of the size and scale of construction sector in the City and the current and future skills requirements and challenges for the sector nationally and locally.

The Committee then received a number of presentations from representatives from the GM Chamber of Commerce, Inclusive Growth Analysis Unit (University of Manchester), Manchester Airport Group and Laing O'Rourke as to the challenges facing the construction industry both nationally and regionally and the steps that particular companies were taking to try and address these challenges.

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

- Construction was one of the four growth sectors in the City and played a key role in contributing towards the GVA and employment base of the local economy;
- Access to skilled labour was critical to ensuring that the construction sector continued to thrive and grow;
- The sector faced many challenges and opportunities, including an aging workforce and skills gaps, alongside an increase in modern construction methods becoming more prevalent;
- The need to improve the sector's image to attract younger workers, including more women and ethnic minorities
- Findings from the 2016 Farmer review which had highlighted a number of challenges facing the sector; one being that the construction workforce was shrinking, placing increasing constraints on its capacity to build housing and infrastructure projects;

- The current scale of the construction sector in Greater Manchester which was creating demand for skills;
- Aligning training provision with employers' needs was particularly challenging in construction due to the density of micro businesses, long supply chains and the project-based organisation of the industry;
- Long-standing concerns about the image of the sector and the inadequacy of careers advice and guidance with levels of knowledge among careers guidance professionals low;
- Employers needed to focus as much on the upskilling of their existing staff as on initial training for young people;
- A lack of clarity and consistency in terms of entry requirements and progression opportunities;
- Initiatives for supporting residents into construction, which included, but was not restricted to, Walking with the Wounded, Manchester Construction Skills Group, Greater Manchester Chamber of Commerce "Apprentice Share" construction shared apprenticeship scheme, The Manchester Employer Suite and My Future Programme; and
- Key strategic investment projects that would deliver skills in the City, including Manchester Airport Terminal 2, The Factory building and the Town Hall project;

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

- What lessons could the industry learn from the recent collapse of the construction firm, Carillion, with specific reference to the implications of sustainability of micro businesses within supply chains;
- There were a number of recommendations as to how to address issues the industry faced that that were aimed at either national government or at a GM level. What influence could Manchester City Council have specifically in addressing these issues;
- How effective was the working relationship with education providers of construction training in Manchester;
- Were there any specific reasons as to why the industry's workforce travelled large distances for employment;
- What impact was Brexit having on the sector and its workforce;
- What could Manchester City Council do to help SME's and those who were self-employed to access appropriate training opportunities;
- It was felt that the target for locally employed people on a the Manchester Airport strategic investment projected needed to be higher and there were concerns in relation to the 35 mile radius, as the definition of local;
- Clarification was sought as to the number of proposed apprenticeship positions that were to be provided on the key strategic investment projects; and
- What was the economic benefit to Laing O'Rourke by embedding social value within the company.

The Committee was advised that following the collapse of Carillion, the main issue that would affect SME's would be cash flow and the risk of liquidation. There would be a need to support these business in the short term in order to ensure they did not collapse. It was hoped Government would step in and provide some form of assistance for these organisations. The Director of Laing O'Rourke commented that

for his company, one of the main lessons learnt was the need for a business to firstly be profitable before identifying what social value it could add to a local economy or area.

Officers informed the Committee that Manchester City Council had already undertaken some successful pieces of work in promoting local labour and use of local supply chains through social value. Officers advised that there was concerns with the area based review of Further Education (FE) and it was commented that there was a need to look further back along the education supply chain to try and address some of the issues that the industry faced. It was commented that there was a problem with the image of construction amongst FE establishments in attracting young people into the sector, particularly higher achieving young people and it was felt this was impacting on good employment opportunities.

The Head of Research of Policy, Greater Manchester Chamber of Commerce advised that the mobility survey that had been undertaken on the construction industry's work force was a national survey and not just in relation to Greater Manchester. He advised that it was the nature of the industry that those employed would travel to where there was work available, especially if they were employed in SME's and while there might be more local work, construction workers would travel with their companies.

In terms of Brexit, the Head of the Inclusive Growth Analysis Unit reported that from the research her team had undertaken, and in her view the proportion of the workforce that would be affected by Brexit was not as large as anticipated. Although high in London and the South East, her assessment was that it could be relatively small scale in the North West. In terms of assisting SME's access training opportunities to up skill their workforces, she commented that the Greater Manchester Business Growth Hub would possibly be able to help business access appropriate training. Officers from CITB advised the Committee that they would be undertaking an in depth review of the skills shortages within the sector and would be looking to target particular groups for training and skills development.

The Group CSR Director, Manchester Airport Group advised that in terms of the Airport Project, there would be 150 apprentices delivered by the main contractor Laing O'Rourke and a further 10 by Galliford Try. The reason why these levels were different was due to the specialist nature of the work required and the size of contracts, which meant that appropriately the commitments were at a different scale. In terms of the target for locally employed people on the project, it was commented that it needed to be viewed in the context of the Wythenshawe economy where there were many work opportunities and the real task was being able to improve access to jobs from the north of the conurbation, including north of the City. However, he assured Members that employment opportunities would be advertised locally in the first instance.

The Sustainability Manager, Laing O'Rourke advised that one of the economic benefits to embedding social value within its organisation was the need to broaden the diversity of the organisation. Through investing locally, it was hoped that there would be a robust and sustainable supply chain.

Decision

The Committee:-

- (1) Supports the following recommendations made by the Inclusive Growth Analysis Unit to develop a more co-ordinated approach to tackling the long-standing problems affecting both skill supply and demand within the construction industry:-
 - The formation of a high level working group to create a meta-analysis of the challenges across the construction landscape and outline strategic priorities.
 - A new focus on business support services to help employers improve their business and create the conditions for higher demand for training and better utilisation of skills, and to help build collaborative approaches between employers.
 - An audit of training provision, leading to the design of training pathways for new entrants to the sector, short cycle courses for upskilling and retraining adults, and the development of a common approach to the way course information is displayed.
- (2) Supports any action proposed to address the issue of diversity of employment within the construction industry;
- (3) Request that the analysis undertaken by the CITB of the skills shortages within the sector is reported back to a future meeting of the Committee;
- (4) Agrees to include the scrutiny of a number of the key strategic investment projects to its work programme for the next Municipal Year;
- (5) Thanks all guests for their attendance and contribution to the debate on this item.

ESC/18/09 Delivering the Our Manchester Strategy

The Deputy Leader presented his report to the Committee and welcomed any comments or recommendations. The report provided an overview of work undertaken and progress towards the delivery of the Council's priorities, as set out in the Our Manchester strategy, for those areas within the portfolio of the Deputy Leader of the Council.

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

- How would the proposed landlord licensing schemes differ from the Governments affordability measure;
- Was there any data held on the number of rough sleepers outside of the city centre and what support was available for people who found themselves homeless; and
- How did Manchester City Council's level of social housing compare to other Greater Manchester Authorities.

The Deputy Leader advised that although Landlord Licensing had been tried in the past, this time there was a more focussed approach across five areas of the city which had already resulted in immediate benefits for tenants. Current restrictions

were being challenged nationally and it was hoped that there would be clear evidence later in 2018 that the schemes were having a beneficial effect. In terms of data on rough sleepers outside of the city centre, he reported that it was challenging to obtain accurate information which in turn made it difficult to determine actual numbers. He advised the Committee that the support offered to those outside of the city was exactly the same as that offered to rough sleepers/homeless within the city centre.

The Deputy Leader advised that Manchester had maintained its level of social housing provision compared to other local authorities who, in some instances, had reduced theirs. Although it was possible to compare Manchester's performance around social housing waiting lists with other authorities, it would not provide an accurate picture as other Councils were not in the same financial position as Manchester.

Decision

- (1) To note the report;
- (2) To request a further update in six months' time

ESC/18/10 Update Financial Strategy and Directorate Budget and Business Plans 2018-2020

The Committee considered a report of the Chief Executive and the City Treasurer which provided Members with an update on the Council's financial position and set out next steps in the budget process, including scrutiny of the draft Budget proposals and Directorate Budget and Business Plan reports and accompanying delivery plans by this Committee.

The Committee received and considered the Strategic Development Budget and Business Planning: 2018-2020 and the Growth and Neighbourhoods Budget and Business Planning: 2018-2020 and Delivery Plans 2018/19- 2019/20.

The Committee had been invited to comment on these reports prior to their submission to the Executive on 7 February 2018.

Officers referred to the main points within the reports.

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

- The Government cuts to direct funding to the Council were placing increasing pressure on the ability for the Council to deliver the services that Manchester residents valued the most and it was felt that the Council should be pressuring the government for additional funding to deliver these services;
- Concern was raised in relation to the reduction in planned future investment to support the impact of Universal Credit and it was asked what else could the Council do to help support residents impacted by this;
- Concern was also expressed in relation to the impact of changes to Council Tax Support;

- How confident was the Council in securing the proposed savings of £60,000 in relation to the festive offer through maximising income opportunities and what would happen if this was not possible;
- In terms of the Taxi Licensing Service, it was suggested that more detail of the reviews of processes and models of delivery was required, with clarity on possible budget risks, as it was felt that there was the potential for a reduction in income;
- Clarification was sought between the difference between the gross budget and a net budget within Growth and Neighbourhoods; and
- It was commented that there was a potential need to monitor the Council's budget on a more regular frequency.

The Executive Member for Finance and Human Resources agreed that Government should be providing more funding to enable the Council to deliver services that were valued the most by residents. He commented that despite these cuts in funding the Council had made worthwhile investments to deliver the services valued most by residents. He advised that the Council was committed to supporting its residents who were going to be impacted the most by the roll out of Universal Credit and the Council had taken steps to be financially prepared as best as it could be for this impact, however, it was acknowledged that the best way to address this imminent impact was to help enable those Manchester residents who were out of work gain worthwhile employment.

The Leader advised that the proposed savings of £60,000 in relation to the festive offer was relatively secure and did not pose a significant risk to the overall budget. He also advised that in terms of gross and net budgets, the net figure was what needed to be funded out of the overall budget (which included Council Tax and Business Rates). In terms of generating more income, he gave an example of where the Council had made investments in buildings in order to make them more attractive to commercial rents, which would enable the Council to free up money to invest in other services.

Decision:

The Committee

- (1) welcomes the report and notes that this is the second year of a three year budget;
- (2) endorses the recommendation that the Executive approves the budget proposals and that these are included in the budget to Council;
- (3) agrees to reserve the right to scrutinise areas of service delivery which will be addressed through the Committee's Work Programme; and
- (4) requests that Officers consider using a simpler format for future budget papers to Scrutiny in order to make them easier to understand.

ESC/18/06 Overview Report

Decision

This item was deferred.