

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 18 July 2019

Present:

Councillor H Priest (Chair) – in the Chair

Councillors Abdullatif, Green, Hacking, Hitchen, Noor, Raikes, Shilton Godwin, K Simcock and Stanton

Also present: Councillors: Leese, Richards, M Dar, Flanagan and Taylor

Apologies: Councillor Douglas and Johns

ESC/19/29 Urgent Business

The Chair introduced an item of urgent business which was in relation to the omission of the report in relation to Officers response to the Executive Member for Housing and Regeneration's Affordable Housing proposals from the agenda, as this had been scheduled for consideration at this meeting

She invited the Director of Housing to provide a brief verbal update to the Committee.

The Director of Housing apologised that the report had not been completed in time for inclusion on the agenda for this meeting and advised that the report would be completed and submitted to the meeting of the Committee in September. He advised that the report will contain comprehensive responses to the proposals set out by the Executive Member.

Decision

The Committee notes that the report will be submitted to the Committee's meeting on 5 September 2019.

ESC/19/30 Minutes

Decision

The minutes of the meeting held on 20 June 2019 were agreed as a correct record.

ESC/19/31 Eastlands Regeneration Framework update

The Committee considered a report of the Strategic Director – Growth and Development, which sought the Committee's endorsement to the Executive's approval of the Eastlands Regeneration Framework, following consultation with residents, businesses, landowners and other stakeholders.

The Leader referred to the main points and themes within the report, addressed the recent consultation undertaken by interested parties and also addressed the national press coverage in relation to the proposals. This included:-

- Although this was an updated Eastlands Regeneration Framework, it was not fundamentally different to what had previously been considered and agreed;
- An overview of the public consultation approach, with two specific matters that had drawn a significant interest –
 - the proposals within the Etihad Campus Commercial Zone Sub Area for a second large indoor arena; and
 - the proposals to bring forward a commercial led scheme – MXM – on Pollard Street, in and around the New Islington tram stop.
- In relation to the MXM proposal, the Framework did not propose any changes to what had previously been identified for the use of this brownfield site, other than a specific proposal had now been received which was consistent with the existing Framework;
- It was proposed that 50% of the land at Pollard Street would be green public space of high quality, including a linear park proposal.
- The MXM proposal would also create 2,500 jobs for the East Manchester area;
- The proposal for an Arena within the Etihad Campus area was consistent with the Framework for East Manchester going back over 20 years, as a key aim of the Framework (historically referred to as Sport City) had always been to deliver a large scale leisure provision;
- Any proposal for a large scale leisure provision on this site would be subject to a whole range of particular tests, including a significant ground transformation plan, a market analysis of sustainability;
- Clarification on how an expression of interest in a possible Arena had arisen and that there had been no planning application submitted for an indoor Arena within the Etihad Campus area; and
- Addressing misleading information contained within a leaflet from SMG Europe (current operators of Manchester Arena), which had been circulated to residents in East Manchester which had had impacted on the consultation responses.

The Chair of the Committee outlined and clarified the purpose and role of the Scrutiny Committee in considering the report, reaffirming that the Committee was not scrutinising a proposal for a new arena as no proposal had been received, but rather it would concern itself with the decision making process, looking at the Council's consultation on the Framework, how it worked, the feedback and responses and recommendations to the Executive.

The Chair of the Committee invited Mr John Sharkey, Executive Vice President of European Operations for SMG Europe, to address the Committee on the proposals within the Framework. He set out the concerns SMG Europe had in relation to the proposals within the Framework. The main concern being the inability for the Manchester market to adequately support two large seater arenas, which he advised had been supported by independent experts (Black, Grant Thornton and Oxford Economics), and the potential impact such a development would have on the existing Arena and other city centre businesses. He offered to share the findings from the independent experts with the Council or alternatively suggested that the Council undertook its own independent assessment before including the opportunity for a new 20,000 capacity Arena within the framework.

The Chair of the Committee then invited Councillor Flanagan (Ward Councillor for Miles Platting and Newton Heath), Councillor Taylor and Councillor M Dar (Ward Councillors for Ancoats and Beswick) to address the Committee with their views and comments on the proposed Framework. The key points referred to by the Ward Councillors included:-

- The regeneration of East Manchester was long overdue;
- Whilst the Council was required to maintain a neutral stance during any consultation, its position had been compromised by the misleading information contained within the information published by SMG, which potentially had a long term negative impact on the Council;
- Ward Councillors were disappointed that they had not been engaged with by SMG Europe prior to their canvassing of East Manchester residents;
- Whilst Ward Councillors would be supportive of a 21st century world class sport, leisure and recreational offer and the associated employment opportunities this would bring for East Manchester and its residents, they would not be supportive of any development at the Etihad Campus which would have a detrimental impact on congestion within their wards area;
- It was suggested that the Regeneration Framework needed to take into account the commitment the Council had recently made in tackling climate change and reducing carbon emissions;
- It was felt that Phillips Park should be included within the Regeneration Framework as it could be a key asset for the area;
- There was concern about any potential loss of green space as a result of the Pollard Street development and assurance was sought that the Council would take all necessary steps to ensure as much green space was maintained; and
- It was suggested that any development within the East Manchester area needed to be inclusive of local residents views and that they were given priority when it came to job creation and affordable homes in the area.

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

- The decision taken by Council to bring forward the target date to 2030 for zero carbon had major implications for this Framework and there needed to be detailed consideration around all aspects of how the Framework would be delivered, including the building of homes, energy use, the use of grey water and transport opportunities;
- As there had been a 20 year ambition to regenerate the East Manchester area, had there been any viability assessment undertaken to see if there was an appetite for a second internationally significant venue and, if so, what the possible implications on local businesses and trade would be;
- A Member expressed concern in relation to the potential “value loss” within the city centre if a new Arena was developed at the Eastlands campus due to its possible negative impact on the existing city centre provision and queried if any modelling had been conducted on what this would look like for businesses owners in the city centre;
- Clarity was sought as to what was referred to in the report as market driven as it appeared to be contradictory at points;

- How would the Council look to mitigate the negative publicity that has taken place so far;
- How much of the ambition within the Framework is a reflection of East Manchester residents needs and wants;
- Concern was expressed as to why had the Council only consulted with 4000 households whilst SMG Europe's own consultation had been distributed to 5,700 households;
- Was the MXM proposal in progress and if so what was the purpose in consulting on this;
- It was felt that the comments made by Bridge 5 Mill around local and regional investment into the area and an over-emphasis on national and international investors, had not been properly addressed in the report; and
- Had the meeting request by Hope Mill Theatre been organised yet and if so what was the outcome.

The Leader advised that prior to the Council's decision to declare a climate emergency and bring forward the target date for zero carbon emissions, he had held discussions with the Strategic Director – Development and Growth and agreed that all future SRF's should have our carbon ambitions as a key pillar and that when this Framework was to be considered by the Executive on 24 July, he would be proposing that it be amended to reflect this. In terms of the Council's ambition over the last 20 years to regenerate East Manchester, this had been based on detailed discussion with local communities. Until 2010, there had been significant government support in terms of resource to have this level of interaction with communities in East Manchester. However, from 2010, funding had been cut and as such had taken a significant period of time to be able to get the regeneration of East Manchester back on track.

The Committee was advised that Marketing Manchester had undertaken pieces of work on the impact of events on the overall economy of the city, which included hotel stays, the use of food and beverage outlets and retail. They did not specify where the events took place, but had identified that the biggest single generator of footfall for these businesses was from football.

The Executive Member for Housing and Regeneration commented that there was a real opportunity within the Framework to deliver zero carbon in terms of housing supply and a new partnership between ManLife and Great Places would help deliver additional affordable and social housing as part of the New Islington area.

The Director of Planning, Building Control and Licensing reminded the Committee that the Framework set out a broad vision for the Eastlands area and was not a planning policy document or site allocation document. Fundamentally, if the Council was to go through a planning policy review, it would be at this stage where the modelling of the impact of a proposal such as an Arena would be undertaken or if an application came forward there would need to be a long robust process, including a market assessment and analysis which would include the impact on any other venues in and around the city centre.

The Leader advised that both the Executive Member for Leisure, Culture and Skills and himself had met with the proprietors of Hope Mill Theatre and there had been an

agreement to work together in order to sustain what they have achieved. In terms of the MXM proposal, there had been discussions taken place around this development over the last 18 months to 2 years and it was expected that a planning application would be submitted later in the year. He advised he was not able to provide an answer as to why the Council had consulted with 4000 households whilst SMG Europe had consulted with 5,700 but agreed that Officers would look into this and provide a response to the Committee.

Furthermore, the Leader advised that in terms of local and regional investment, there was a range of investment within the proposals. In terms of businesses, MXM was very much based at local regional business rather than national or international businesses. With any investment there was a need to consider who invested, but it wasn't often known where the money came from. He added that there was a clear objective to have local, regional and national businesses represented in the East Manchester area.

Decision

The Committee:-

- (1) Endorses the recommendations asked of the Executive as detailed below.

The Executive is recommended to:-

- Note the summary of issues and comments received from residents, businesses and other interested parties set out in Section 3 to 5 of this report and approve the suggested amendments set out in these sections to the final version of the Eastlands Regeneration Framework;
 - Approve the proposed approach set out in Section 3 of this report in respect of new commercial led opportunities associated with the Pollard Street Sub Area;
 - Approve the proposed approach set out in Section 5 of this report in respect of new commercial led opportunities associated with the Etihad Campus Commercial Zone Sub Area; and
 - Delegate to the Strategic Director – Growth and Development, in consultation with the Leader of the Council and the Executive Member for Housing and Regeneration, authority to approve the final version of the Eastlands Regeneration Framework, with the intention that, if approved, it will become a material consideration in the Council's decision making as a Local Planning Authority.
- (2) Recommends that the Executive incorporates the Council's carbon reduction targets into the final version of the Eastlands Regeneration Framework;
 - (3) Recommends that in approving the proposed approach in respect of new commercial led opportunities associated with the Pollard Street Sub Area, the Executive agrees to incorporate the preservation and promotion of high quality public realm and green space within the proposals; and

- (4) Request that the Executive take into account the views of the Committee and Local Ward Councillors in respect of new commercial led opportunities associated with the Etihad Campus Commercial Zone Sub Area.

[Councillor Hitchen declared that she had a conflict of interest in considering this item as she was a member of the Council's Planning Committee which potentially could receive planning applications in relation to proposals within the Regeneration Framework. Consequently, she left the meeting during consideration of this item].

[Councillor Hacking declared a personal and no prejudicial interest in this item as he is a Governor of Manchester College and Board Member of the LTE Group].

ESC/19/32 Progress update on the Manchester Local Industrial Strategy

The Committee considered a report of the Chief Executive, which provided an update on draft "Developing a More Inclusive Economy – Our Manchester Industrial Strategy" and the associated draft delivery plan and the methodology and findings of the wide-ranging engagement exercise undertaken to inform the development of the Strategy.

The main points and themes within the report included:-

- The Strategy set out Manchester's vision for developing a more inclusive economy that all residents could participate in and benefit from;
- The Strategy aligned to the Greater Manchester Local Industrial Strategy and specifically set out Manchester's unique position as the conurbation core, and our responsibility to promote and drive inclusive growth within its economy;
- The Strategy considered Manchester's successes and challenges, and focused on three pillars – People, Place and Prosperity;
- Each of the pillars contained a number of themes to be prioritised to promote economic and social justice in Manchester;
- To implement the vision of the Strategy, a delivery plan containing a small number of evidence-based initiatives to make Manchester's economy more inclusive had been developed;
- These initiatives are in addition to existing work programme and will add value; and
- A wide ranging engagement exercise was undertaken in winter 2018/19 to inform the development of the Strategy. Alongside this, a literature review and analysis of quantitative data was also undertaken;

Some of the key points that arose from the Committee's discussions were:-

- Given the expected significant increase in population within the city, had any thought been given to ensure the required infrastructure was in place, for example school provision;
- What support was offered to local businesses to help in relation to reducing carbon emissions and payment of Business Rates;
- There was a need to consider how the Council's recently adopted position in declaring a climate emergency impacted on this strategy

- There was a key opportunity to develop a skills led industry within the area of carbon retrofitting and what work was being done to develop this;
- The Strategy needed to also reflect the opportunity to develop District Centres and the support available to businesses in these areas;
- It was noted that the Inclusive Economy section of the draft strategy was particularly strong and the Council should be promoting further the positive work it was doing in this area;
- Whilst it was pleasing to see the inclusion of Community Wealth building, it was felt that more could be done to strengthen this area, incorporating people and the impact on health;
- There was an opportunity to look at wellbeing (within its holistic sense), as part of the Strategy;
- There was concern around the higher digital skills that will be needed in future labour markets and the lack of reference to the linkage of these skills to an academic maths qualification;
- Whilst it was welcomed that Manchester was aspiring to be an international hub of creative industries, it was felt that there was a lack of reference to grass roots creative industries, such as Manchester International Festival and the Manchester Fringe, as these provided opportunities for horizontal relationships and community wealth building;
- Noting the detrimental impact of technology on those working in the distribution sector, where salaries were usually low paid;
- With the proposed increase in passenger numbers at Manchester Airport, how was this going to impact on reducing the city's carbon emissions;

The Head of Work and Skills advised that in terms of carbon retrofitting and being a skills led industry, there was a workshop planned within the coming weeks with stakeholders to start to look at what could be done in the short and medium term. The main challenge however was to determine what the Council's priorities would be for delivering carbon neutral by 2030 and which specific actions were going to be progressed.

The Leader commented that from a Greater Manchester perspective, zero carbon was one of the nine priority areas identified in the GM Local Industrial Strategy. Whilst there were some actions that could be taken locally in terms of zero carbon retrofitting, he advised that there would need to be a market at least the size of Greater Manchester in order to develop a skills led industry.

In terms of support for businesses, it was explained that this was provided by the GM Business Growth Hub and they had been invited to the Committee's meeting in October 2019 to report on how they were supporting businesses. In terms of Business Rates support, there was a national determined set of criteria to exempt businesses from paying these if they were below a certain size, but other than that there was limited local discretion as to what further support could be offered. It was noted that the work of the District Centres Sub Group would be reported back to the Committee later in the year and as part of this, the role District Centres and support available to them could be discussed.

The Strategic Lead Policy and Partnerships advised that the Manchester LIS was only at a draft stage currently and there was still opportunities to develop the broader

themes based on the views of Members. The next steps would be the need to identify in greater detail how these themes will be delivered.

Officers acknowledged the point made around population growth and its impact on both social and physical infrastructures. He confirmed that this was something being considered as part of wider discussion relating to the Greater Manchester Spatial Framework and agreed to pass on the Committees comments to relevant officers.

The Deputy Leader agreed that changes to the Strategy would be required following the Councils declaration of a climate emergency and this would be reported at the next meeting of the Executive.

The Strategic Lead Policy and Partnerships acknowledged the comments and points made around the inclusion of grass roots creative industries and agreed to address the community wealth building point and include people as well as places. The Head of Work and Skills noted the points made around digital skills and the linkages to academic qualifications. She advised that work was taking place with schools, colleges and post 16 providers which was focussing on the need to have more of our young people to undertake STEM related academic subjects. She advised that the real challenge was meeting the needs of the sector at the present moment.

The Leader advised that there was need to distinguish between the Airports carbon emissions and the aviation industries carbon emissions. He advised that the Airport itself was actually almost at zero carbon emissions in terms of its operations. He commented that the Council had limited levers it could use to try and address the aviation industries emissions and this was something that required international support. The Chair requested that Members be provided with information on what levers the Council and The Airport could use to put pressure on the aviation industry and that it would be good to see this point acknowledged in Manchester's Local Industrial Strategy

Decision

The Committee:-

- (1) Note the draft Developing a More Inclusive Economy – Our Manchester Industrial Strategy;
- (2) Request that Officers take into account the comments made by the Committee in producing the final version of the Strategy; and
- (3) Agree that the final version of the strategy be taken for consideration by the Executive in Autumn 2019 .

ESC/19/33 Delivering the Our Manchester Strategy - Leader of the Council's portfolio

The Committee considered the report of the Leader of the Council, which 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 his portfolio.

By way of a further update the Leader informed the Committee that the Executive would be considering a report at its meeting on 24 July 2019, requesting that he Executive agreed the elements of the Council motion on climate emergency that were an executive function and advised that the Executive would be supporting the motion in its entirety and subsequently an Action plan would be presented back to the Executive in the Autumn

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

- It was concerning that given the current level of political uncertainty and no indication as to whether or not a government spending review will take place, what the implications would be for the Council's budget from April 2020 onwards;
- Was there any possibility for Council investment into the refurbishment of the Sharp Project or was this to be externally funded; and
- What had the Leader done differently as a result of scrutiny;
- What was the Leader doing to ensure Manchester and local authorities would be potential beneficiaries of the comprehensive spending review (CSR);
- How was the Council engaging with relevant bodies in regards to Brexit and a possible Shared Prosperity Fund; and
- How well was the relationship working between the Council and the GMCA.

The Leader advised that in terms of the Sharp Project and Space Studios and One Central Park, these had initially required significant Council investment, however, over the last five years it had been expected that any further expansion or further investment would be funded out of the businesses themselves. In terms of expansion, Fujitsu tower had been removed at Space Studios resulting in a very significant site being available and a range of opportunities were being considered, including the potential for additional sound stage provision and workshop space. Similarly with the Sharp Project, it did require a level of upgrading in order to maintain its unique offer.

In terms of what he had done differently as a result of Scrutiny, he commented that scrutiny had introduced more rigor into the Officer process of preparing reports and the Executive gave very careful considerations to any recommendations that had come from Scrutiny.

He advised that he Chaired the LGA's City Region Board which one of its main areas of focus was to ensure funding solutions for local authorities were advantageous as possible. The LGA had already made representations to Government around the CSR and where local authorities largest pressures rested (Adults and Children's services). From a Greater Manchester perspective, there would be a focussed submission around skills, infrastructure and building a more inclusive economy, as, as a region, it was more advantageous by having a collective voice. The Chief Executive added that Manchester was good at using evidence based initiatives to demonstrate how investment in an Our Manchester approach reduces demand on services.

The Leader advised that there were Political and Chief Officer networks engaging with Government around Brexit. As Leader he received regular reports from the Strategic Director – Neighbourhoods who was the lead officer for planning for a no deal Brexit. The Statutory Deputy Leader (Councillor S Murphy) was a member of the LGA body that was having regular engagement with ministers on Brexit. In terms of a shared prosperity fund, the Leader advised that the LGA City Region Board, which he was Chair of, had lead responsibility for looking at governance arrangements post any exit from the EU and ensuring any powers from Brussels were devolved down from Whitehall.

Finally, he advised that in terms of governance, the GMCA was evolving and gaining some significant powers as a result of the devolution arrangements and introduction of the GM Mayor. He advised that he was now the only GM Leader who had signed the original devolution deal in 2014 and as a consequence, this had meant some key elements of public service reform had required work to ensure new Leaders were familiar with these.

Decision

The Committee notes the report

ESC/19/34 Delivering the Our Manchester Strategy - Executive Member for Housing and Regeneration's portfolio

The Committee considered the report of the Executive Member for Housing and Regeneration, which 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 his portfolio.

Some of the key points that arose from the Committees discussions within the Executive Member's report were:-

- Would it be possible to roll out selective licensing to high streets in the future;
- Would the right to buy back policy for Council houses be included in the report expected at Septembers meeting;
- What had the Executive Member done differently as a result of Scrutiny;
- What was meant by management companies within selective licensing; and
- How would local ward Members have an input into the community led housing event and consultation on the final strategy;
- It was suggested that the community led housing strategy should be more ambitious and look at wider and larger schemes.

The Executive Member advised that in terms of the rollout of selective licensing, a further four areas had been identified to roll this out to which would be reported to Neighbourhoods and Environment Scrutiny in early 2020. In relation to selective licensing on high streets, targeted work on flats above shops had taken place to address issues of standards of accommodation and the vulnerability of occupants. Further work would be undertaken to extend the selective licensing process. She added that the reference to management companies within the selective licensing pilot was another terminology for letting agents, who were used where struggling

landlords were not able to manage or were not aware of their responsibilities and this direct support had been welcomed.

In terms of the Council's Right to Buy policy, the Executive Member confirmed that this would be covered in the report expected at September's meeting on Officers responses to her affordable housing policy proposals. She added that although the Right to Buy Policy would not solve the City's housing crisis it was important in terms of the message it sent to government and the cost that it generates for the Council.

The Executive Member advised that Scrutiny had made her look more closely at the relationship between strategic development and local ward members and the importance of consulting appropriately with local ward members on strategic housing and residential growth proposals/developments. She also commented on the positive work that had been undertaken by the District Centres Sub Group.

Furthermore, the Executive Member reported that the community housing strategy was about ensuring groups of residents in the City who wanted to come forward with their own schemes had a very clear understanding of how the Council would engage and support them. This would come to scrutiny for the opportunity to feed into this.

Decision

The Committee notes the report

ESC/19/35 Review of Post-18 Education and Funding (Augar Review)

The Committee considered a report of the Head of Work and Skills, which provided an overview of the key recommendations of the Independent Panel Review of Post-18 Education and Funding, chaired by Dr Philip Augar.

The main points and themes within the report included:-

- Key findings of the review;
- Key messages for Greater Manchester;
- Guiding principles and the panel's proposals
- Cost of implementation; and
- Implications for the delivery of both the Manchester and Greater Manchester Local Industrial Strategies.

The Committee was advised that report was for information only at this stage, and set the context for bringing back a more detailed report to a future Committee meeting, subject to the Government agreeing the implementation and funding of some or all of the recommendations.

A key point that arose from the Committees discussions was a proposal that the Council lobbied central government to influence that this review remained on their agenda and the recommendations were taken forward

The Executive Member of Skills, Culture and Leisure noted that the review had been long overdue and there had been a disproportionate balance between further

education and higher education. He gave a commitment to lobby government to try and ensure that it took on board the findings of the review.

The Chief Executive advised that she led on skills on behalf of Greater Manchester and outlined the work being undertaken regionally and nationally to look at how the findings of the review could be taken forward, including the possibility of devolution of funding for further education. The Head of Work and Skills gave a brief outline of the opportunities that existed for the City to raise the profile and offer of Further Education.

Decision

The Committee:-

- (1) Notes the report;
- (2) Requests that the Executive Member for Skills, Culture and Leisure lobbies government to ensure it takes up the recommendations of the review; and
- (3) Agrees to receive a more detailed report at a future meeting, subject to the Government agreeing the implementation and funding of some or all of the recommendations

ESC/19/36 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.

The Chair proposed that the Committee received a report at its next meeting on the impact to date on Manchester resulting from the ongoing Brexit discussions, which was listed as an item to be scheduled on the work programme.

Decision

The Committee:-

- (1) notes the report;
- (2) agrees to include a report on the impact of ongoing Brexit discussions on Manchester, as outlined in the work programme, at its next meeting on 5 September 2019.