

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 14 January 2021

Present:

Councillor H Priest (Chair) – in the Chair

Councillors Green, Hacking, Johns, Noor, Raikes, Shilton Godwin and K Simcock

Also present: Councillors: Leese and Richards

Apologies: Councillor Stanton

ESC/21/1 Minutes

ESC/21/2 Growth and Development Directorate Budget Proposals 2021/22

Further to minute ESC/20/41, the Committee considered a report of the Strategic Director (Growth and Development), which provided a further update on the savings proposals being proposed as part of the 2021/22 budget process which reflected any feedback from the November 2020 meeting.

Key points and themes in the report included:-

- As at August 2020 the Directorate was forecasting a net overspend of £3.86m, this included Covid-19 related pressures of £7.305m, offset by in year mitigation of £3.445m;
- The Covid-19 pressures were made up of a combination of £4.718m reductions in income and increased cost pressures of £2.581m;
- The main loss of income had arisen within the Investment estate due to tenants not being in a position to pay their rents because their business has been impacted by Covid-19;
- In addition to the income reductions, there had been increased costs with the main costs being in respect of supporting the Corporate response to supporting the City's most vulnerable residents,, this was forecasted to cost over £2m in the current financial year; and
- As part of the ongoing work seeking to mitigate the above pressures in year forecast savings of £3.445m had already been identified, this was largely due to staff savings because of vacant posts and reduced running costs across all services.

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

- To what extent would the one year local government financial settlement have on the medium to long term economic recovery plan;
- It was saddening to see the impact that COVID had had on the Council's budget available to allocate to developing work and skills for adult learners;
- There was concern that with the inevitable reduction to staffing levels, it would be difficult to maintain an appropriate level of staffing to enforce building control across the city;

- How was the proposed income from increased rental going to be achieved;
- There was a concern that a reduction in the Council's employment and spending power will have a impact on the broader economy of the city and consequently Government needed to fund the Council appropriately to prevent this negative impact;
- There was concern that some of the cuts that the Council would need to make now to meet the £50m deficit in its budget would cost the Council more in the longer term and there needed to be a mechanism to revisit these decisions in future budget setting; and
- There was concern around digitising the planning process would result in there not being enough oversight by staff of what was being developed and that what was being developed was to an expected high quality.

The Leader advised that Government was investing a considerable sum of money into a variety of schemes, such as Kickstart, which were aimed at helping people get back into employment and develop new skills. There was also an expectation that Department for Education was going to increase funding for Adult Skills and retraining at Level 3. The only negative around this was the likelihood that these initiatives would be delivered by a small cohort of national contractors, and local elements would need retrofitting into these schemes. He also added that difficulties existed due to the fact that Government departments were not working in a joined up approach at a national level, reflecting that the employment programmes were disconnected for the skills programmes.

The Committee was also advised that robust arrangements had been put in place management and partnership arrangements for the medium to long term economic recovery of the city, however these arrangements would need to be adapted to the whims of national government in regard to funding that would be made available.

The Strategic Director (Growth and Development) confirmed that the Council had identified specific new income from its investment estate from the renegotiation of a lease.

The Executive Member for Environment Planning and Transport acknowledged the challenges that would exist by not filling the vacant posts with the Council's Planning Department especially in light of the major schemes and strategies that would be being implement in the future. It was commented that options such as a shared service with another local authority were being looked at as apart of a service review of the Council's Planning function.

The Leader reminded the Committee that the proposals being put forward were due to the Council requiring to make £50m of savings to its budget and that the proposals being considered were the least worst options. It was hoped that in three to five years' time, with the return of commercial income some of these proposed cuts could be revisited and if required reintroduced.

The Strategic Director (Growth and Development) confirmed that it wasn't proposed to digitise the whole Planning Service, but rather use new technologies to improve aspects of the service.

Decision

The Committee agree the savings proposals as described within the report and endorse these to the Executive.

ESC/21/3 ALMO - outcome of the offer to tenant's consultation

The Committee considered a report of the Chief Executive, which provided Members with the conclusion of the test of opinion of tenants and leaseholders as part of the Northwards ALMO review. The report provided a summary of the opinions indicated and recommended that the decision to insource the housing management and maintenance function was now confirmed. The report also include a summary of key actions and milestones, risks and process to develop post-transfer governance arrangements.

Key points and themes of the report included:-

- Tenants and leaseholders have been consulted on the proposal to take direct control of the management of the housing service from 5 July 2021;
- A total of 1633 people voted (1572* tenants and 54 leaseholders). This was 12.52% of those able to participate (12.57% tenants 11.87% leaseholders);
- 1524 (93%) people voted in support of the proposal to bring the management of their council home into direct management by the Council;
- The response rate of 12.54% was consistent with other local authorities who are proposing to or have recently taken their ALMO services in-house;
- The result was not binding but was one of the factors that were to be considered in making the decision about the future management of the service;
- An outline of the practical steps for the delivery of the transition;
- Consideration of the governance and accountability arrangements; and
- Intended timescales, including critical actions and milestones.

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

- Whilst the response rate was in consistent with other local authorities, some members still felt that this was low;
- It needed to be recognised that the consultation had strongly implied that transferring the ownership back into the Council would improve the service offered to tenants and it was hoped that this could actually be achieved;
- There was a need to safeguard the successful rent collection that had been achieved to date and the welfare support and financial advice available to tenants form Northwards currently;
- It was felt that scrutiny of the final governance arrangements had been omitted from the milestones within the proposed timescales;
- More detail was needed on how returning control of the ALMO to the Council would improve community safety and anti-social behaviour within those communities in North Manchester and if these existed now, should be implemented now;

- More discussion was needed as to why the repairs and maintenance contract was proposed to continue to be outsourced

The Executive Member for Housing and Regeneration commented that the challenges identified by tenants existed as a result of the impact of cuts over many years. She advised that conversations with tenants would be honest around what would be achievable and it was envisaged that the proposals to bring the ALMO back into the control of the Council would improve joined up working with tenants at a local level. It was also acknowledged how successful rent collection had been under Northwards and a commitment to safeguard this was made alongside the welfare and financial support that was offered to tenants.

It was agreed that scrutiny of the final governance proposals would be factored into the timescale milestones.

In terms of the repairs and maintenance contract, it was explained that it would have been desirable for this to come back into control of the Council as well, but there was a need to remain realistic insofar as what was deliverable in the timescale of the wider management of the housing service returning to the Council. It was commented that this would be something that would be explored in the future with tenants.

The Director of Housing and Residential Growth advised that he would be looking to maximise the interaction and interrelationship with Neighbourhood Services and other agencies to tackle Anti-Social Behaviour and Community Safety, providing a single point of contact and clear accountability to tenants.

Decisions

The Committee:-

- (1) Endorses the recommendations to the Executive, those being:-
 1. Note the outcome of the "test of opinion" consultation and the support for the council's proposals.
 2. Note the proposals contained within the report about how the new council-controlled service governance is being developed and how tenants will be involved and empowered in the decision making about services to homes and communities.
 3. Note the appointment of a project lead, and the indicative project stages and timetable for the delivery of the insourcing project.
 4. Members confirm support for the retention of "Northwards" as a brand identity for the council housing service.But in doing so request that the Executive take on board the comments made by members.
- (2) Welcomes the commitment by the Executive Member for Housing and Regeneration to review the control of the repairs and maintenance contract at a future point.
- (3) Agrees to add to its Work Programme further scrutiny of Manchester Move and Yes

ESC/21/4 Affordable housing delivery update

The Committee considered a report of the Strategic Director (Growth and Development), which provided an update on how the Council and its partners would deliver a minimum of 6,400 affordable homes from April 2015 to March 2025.

Key points and themes of the report included:-

- Increasing the delivery of housing (affordable housing in particular) would be a key part of city's recovery following the Covid-19 pandemic;
- The demand for housing from the most vulnerable in the city had not diminished following the crisis and if anything, the requirements of residents most in need had become even more acute with the numbers of people on the Housing Waiting List and in temporary accommodation continuing to grow;
- The Council was looking to significantly upscale the delivery of new affordable homes and to this end, the existing delivery platforms established with RPs – including use of our land assets – and working in conjunction with Homes England investment programmes remained key;
- The Housing Delivery Vehicle would soon begin to deliver new affordable homes, bolstering the pipeline and helping the city meet and exceed the 6,400-minimum target by 2025; and
- An overview of proposals as to how the Council intended to increase the future supply of Affordable Housing.

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

- It was felt that the Committee should proactively engage with the proposed pipeline of housing development in terms of its future work programme;
- There was concern that with the impact of the Covid pandemic and increasing financial restraints residents find themselves in, people may still find affordable rents and shared ownership out of reach;
- How achievable was the target of 6,400 properties by 2025;
- It was pleasing to see the city centre developments moving forward as part of the housing delivery model;
- Was there an indication on how quickly progress would be made in the delivery of affordable housing; and
- Clarification was sought what was meant by the delivery of the developments would be fully funded through the PWLB via a simple company structure

The Executive Member for Housing and Regeneration agreed that it would be of benefit if Scrutiny kept an oversight on the future delivery of housing development as part of its future work programming. She shared concerns raised around affordability and advised that this was a reason why the Council was looking to establish its own housing delivery vehicle to allow for some flexibility in affordability. It was commented that based on the rate of current development, the Council was projected to surpass its target of 6400 properties by 2025, however, it was acknowledged that the long term impact of the Covid pandemic needed to be taken into account.

The Strategic Director commented that the Council had strong partnerships in the housing sector with Registered Providers that would drive the delivery of affordable

housing and the Council also had a series of meetings with Homes England to discuss accessing £12 billion of additional government funding for 180,000 affordable homes. She also advised that the Council's housing strategy was subject to review in October 2021 and a revised strategy would be presented to the Committee.

The Director of Housing and Residential Growth explained that the PWLB, stood for the Public Works Loan Board and the Council was able to borrow money at advantageous rates which would fund some of the developments through a Housing Delivery Vehicle.

Decisions

The Committee-

- (1) Notes the report.
- (2) Notes that the Chair will discuss with Officers and the Executive Member for Housing and Regeneration the best way for Scrutiny to monitor the proposed pipeline of housing development in terms of its future work programme.

ESC/21/5 Our Manchester Strategy Reset - Draft Strategy

The Committee considered the report of Deputy Chief Executive and City Treasurer that provided an update on the draft Our Manchester Strategy – Forward to 2025 reset document. The Our Manchester Strategy – Forward to 2025, would reset Manchester's priorities for the next five years to ensure the Council could still achieve the city's ambition set out in the Our Manchester Strategy 2015 – 2025.

Key points and themes in the report included:-

- Describing the background to the Our Manchester Strategy reset;
- Providing an overview of the Our Manchester Strategy – Forward to 2025;
- Describing the final design and communications; and
- Next Steps.

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

- It was important to remember the internationalism of the city and would it still be able to attract people from Europe and around the world post Covid and Brexit;
- The idea of a one page summary document for the public to engage with was welcomed;
- Whilst Members endorsed the output of the strategy, the impact of the pandemic had had significant impact on the city and this needed to be acknowledged.

The Leader acknowledged the impact that the pandemic had had on the city but felt that there were many initiatives still in place that would allow for the economic and social recovery of the city. He added that the Council also needed to take hold of the opportunities that arose from the crisis. In terms of internationalisation, there was a lot of uncertainty arising from Brexit – the perception of the UK and practicalities. He added that the Brexit deal would allow Universities to continue working with

European Universities on research programmes and Manchester would continue to be a member of international networks.

Decision

The Committee endorse the recommendation that the final version of *Our Manchester Strategy – Forward to 2025* be taken for consideration by the Executive in February 2021.

ESC/21/6 Economy COVID19 Sit Rep Report

Further to Minute ESC/20/49 (Update on activity under COVID 19), the Committee considered a report of the Strategic Director (Growth and Development), which provided a further update of the current situation in the city in relation to COVID-19 and an update on the work progressing in Manchester in relation to areas within the remit of the Committee.

The key points and themes included:-

- An economic overview at a national, regional and local level;
- A sectoral impact update, including the impact on footfall within the city, hospitality and visitor economies, aviation and universities;
- The steps needed to stimulate development and investor confidence in the city;
- Work being undertaken with TfGM to agree a broad overall transport plan to support the gradual opening up of the city with a focus on pedestrian movement and safe use of public transport;
- Work being undertaken around Skills, Labour Market and Business Support following on from the THINK report findings; and
- A progress update on the lobbying of government for additional funding.

The Strategic Director (Growth and Development) also provided a verbal update on the most recent developments since the publication of the report.

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

- Could an update on the spend on discretionary grants be provided;
- It was felt that more detail around the impact of Brexit on the economic recovery of the city needed to be included in future reports;
- There was concern in relation to the number of developments that included large amounts of commercial and retail space given the impact of Covid on these markets

The Leader advised that in terms of Brexit, at present, there was no discernible impact of the UK's exit on the city reported at the last meeting of the Economic Recovery Group and assurance was given that this would continue to be monitored. In terms of developments with large commercial and/or retail offers, he advised that feedback from developers, agents, and contractors there was real optimism of the commercial market in the city centre once Covid restrictions were lifted. For the effective recovery of the city's economy, it was necessary for developments to be built and ready for occupancy or be in the pipeline for construction.

In relation to discretionary grants, it was reported that it had been agreed that the period of payment of these would be extended and Officers were looking at how the range of support to businesses could be extended, which would be considered at the next Economic Recovery Group.

Decision

The Committee notes the report.

ESC/21/7 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. Members were also invited to agree the Committee's future work programme.

The Chair advised the Committee that she was awaiting an indication from Officers of when consideration of the Local Plan would be appropriate.

It was also suggested that the Committee looks at the role Higher Education Institution's play on the cities economy connected to internationalisation.

Decisions

The Committee:-

- (1) Note the report..
- (2) Agree that the suggestion for additions to the Work Programme be considered at the work programme setting session in May 2021