

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 24 June 2021

Present:

Councillor H Priest (Chair) – in the Chair

Councillors Baker-Smith, Doswell, Farrell, Johns, Moore, Noor and Raikes

Also present:

Councillor White, Executive Member for Housing and Employment

Apologies: Councillors Bayunu and Stanton

ESC/21/29 Minutes

Decision

The minutes of the meeting held on 27 May 2021 were approved as a correct record

ESC/21/30 Manchester Housing Strategy 2021

The Committee considered the report of the Interim Director of Housing and Residential Growth that provided a background and policy context, noting that the 2021 Housing Strategy would bring together two different historic documents into a single, holistic Strategy, namely the Housing Strategy (2015-21) and the Residential Growth Strategy (2015-25). The report described the process for developing a new Housing Strategy for Manchester.

The main points and themes within the report and accompanying presentation were: -

- Increasing housing supply across all tenures;
- Ensuring housing was affordable and accessible to those who needed it the most;
- Working in mixed tenure neighbourhoods and improving quality and management in the private rented sector; and
- Increasing the sustainability, safety and efficiency of new and existing stock.

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

- Reassurance was sought that the city's population growth trajectory had been modelled on different scenarios;
- How had the projected 25% increase in people living in temporary accommodation been derived and what was being done to address this;
- Clarification was sought on what would be the source of heating for all newly built homes in relation to tackling climate change;
- Purpose built student accommodation would need to be affordable to reduce the use of HMO's;
- How where areas for selective licensing assessed and determined;

- Was Manchester's definition of affordability linked to Local Housing Allowance rates and could this be incorporated into the Strategy;
- Had any work been undertaken on analysing the expenditure on temporary accommodation against the cost of providing affordable social housing;
- Had any work been undertaken in addressing the risks of over reliance on the development market
- The affordability of city centre living was questioned for families who earned the Manchester average yearly income;
- How were the housing needs of different communities across the city identified;
- What was the evidence for the lower demand of affordable private rental properties;
- How much further could the Council go with its Selective Licensing pilot before it reached the maximum 25% limit of all PRS stock and what was being done to extend this limit;
- It was felt that the cost of renting in Purpose Built Student Accommodation priced out local students and needed to be at a more affordable price point;
- More needed to be done to prevent private sector landlords from banking properties for HMO usage;
- It was felt that more needed to be done with Private Sector Landlords, who provided accommodation to students, insofar as they should be required to pay business rates on these properties as local communities were having to pay Council Tax for services that they did not necessarily use.
- What was being done to ensure developer viability assessments were a true reflection on the level of affordable housing that could be delivered on a site;
- What housing support was provided to those seeking asylum;
- Could the Committee have sight of the audit on temporary accommodation before the strategy came back for further scrutiny;
- What was being done to lobby government for increased funding and scope in addressing their inadequate building safety response;
- What levers did the Council have in helping maintain affordable private sector housing rental levels; and
- What levers did the Council have to help secure the necessary funding to enable the retrofitting of Council properties to address carbon reduction.

The Committee was advised that the population estimates were based on the Council's forecasting model which used local data not available to the ONS and it was felt that the estimates were accurate, but it was acknowledged that unexpected events such as the COVID pandemic could impact on these estimates. The Executive member for Employment and Housing acknowledged the impact COVID and Brexit could have on the city's population and agreed that the models of population growth needed to reflect a changing dynamic in the population.

The Interim Director of Residential Growth acknowledged the challenge presented by the use of temporary accommodation and advised that the Council's Homelessness team were looking at various options to reduce the number of people in temporary accommodation and the length of time in this type of accommodation. Addressing this would take time as it was reliant on the availability of housing stock. He advised that there was a piece of independent work ongoing that was comparing the cost of placing people in temporary accommodation against the cost of providing affordable

social housing. This information would be available in the next few months. He also advised that work was ongoing with Housing Association providers in terms of new sources for heating properties, such as air source/ground source heat pumps but acknowledged that behaviour change was a large hurdle to overcome in relation to this type of heating provision.

The Executive Member for Employment and Housing advised how areas and properties were identified for selective licensing schemes, which included case work, Council Tax records and other issues to tackle rogue landlords providing substandard private rented properties. He also advised that purpose built student accommodation was a response to tackling HMO's but acknowledged the challenge with this was affordability and this would need to be looked at through the planning process.

The Committee was advised that the Strategy would incorporate the local definition of affordable housing and the current situation in Manchester to reflect the various profiles across the city.

The Executive Member for Employment and Housing explained that only 27% of the Council's income was from its Council Tax base, with 75% of properties in bands A or B and it was acknowledged that this would not solve all the problems of austerity. In terms of affordable rent the funding made available by Government came with a stipulation that it was to be shared ownership which left Registered Providers in a difficult position, having to use different funding mechanisms to provide other types of rental options. He also advised that the current roll out of the Selective Licensing pilot would take the Council up to its 25% limit. It was felt at present the targeted approach was appropriate but advised that but a review of whether this could be city wide could be undertaken in the future. In terms of Landlords contributing to the city, this would require a change of legislation for landlords to pay business rates and there was already a fee that landlords were required to pay for HMO's and Selective Licensing.

The Executive Member for Employment and Housing advised that viability assessments came under the Planning Committee's remit but agreed the Council needed to do as much as it could to achieve affordable properties across the city. He acknowledged that a lot of work had been undertaken to help support those seeking asylum and agreed that a more detail response could be provided to Members following the meeting.

It was recognised that the funding provided by government to address the issue of safety of cladding on buildings was not adequate to cover the demand and need in the city. Work was ongoing to try and engage with the Housing Minister to highlight Manchester's specific issues and to challenge the government to hold developers and contractors to account.

The Committee was advised that to try and maintain appropriate levels of rent, there needed to be more supply in the housing market to what was currently available. A key part of the Strategy would need to look at this issue as well as the ability to secure the necessary funding to retrofit existing council housing to be carbon neutral.

Decisions

The Committee

- (1) Notes the report.
- (2) Requests that the Committee be provided with information on the following:-
 - The current local definition of housing affordability.
 - The evidence base for what's coming on-line in terms of affordable rent.
 - A response to question on accommodation for asylum seekers which is to be circulated to Communities and Equalities Scrutiny Committee Members as well.
 - The presentation on the Building Safety Fund

[Councillor Farrell declared a personal and non-prejudicial interest in this item as he is on the board of Directors for Northwards Housing].

[Councillor Johns declared a personal and non-prejudicial interest in this item as his property is affected by the government's building safety response in regards to cladding].

ESC/21/31 Refresh of the Manchester's Work and Skills Strategy

The Committee considered the report of the Director of Inclusive Economy that sets out the approach to refreshing the strategy, taking into account the challenging circumstances created in the wake of the COVID-19 pandemic and the wider strategic and policy context in the city. It introduced the themes which were likely to be the main focuses of the new strategy, the work that would need to be undertaken to fully understand and develop them, key issues and dependencies and an indicative timeline for delivery.

The main points and themes within the report included: -

- An explanation of the background to the Work and Skills Strategy 2016 – 2021 and its relationship to the Our Manchester Strategy;
- The strategic context with particular reference to the impact of the COVID-19 pandemic, noting that the lasting effects were still unknown and would take many years to become understood;
- Acknowledging that the digitisation on the economy and labour market was likely to accelerate due to the impact of the COVID-19;
- The implications of the withdrawal of the United Kingdom from the European Union (Brexit) and central Government policies;
- The context of how the Strategy could contribute to the Council declaring a climate emergency and its aim to be zero carbon by 2038;
- Work to address inequalities experienced across the city;
- Describing the pipeline of investment planned for Manchester;
- The policy context for the refresh of the Manchester's Work and Skills Strategy and the proposed approach, noting the SWOT analysis; and
- Next steps.

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

- How did this Strategy interact with the Council's Social Value policy;
- Members advocated the proposal of the co-production and co-design of the Strategy;
- How were priority sectors identified and were these aligned with those identified by GMCA;
- How were SMEs being linked with opportunities from the "Planned for Jobs" scheme;
- Assurance was sought that various scenario planning was taking place in connection to population growth and work and skills shortages in the city;
- It would be good to see the Living Wage be more prominent in the Strategy;
- How could the Council ensure stakeholders did what was expected to make the Strategy successful;
- It was felt that Elected Members should be included in the consultation of the Strategy;
- More information was requested on the GM Independent Inequalities Commission, centred around timescales and how this was being developed;
- It was suggested that more work needed to be done with employers within the hospitality sector to make the employment opportunities more attractive

The Director of Inclusive Economy advised that the Strategy and the Social Value Strategy had close links. The work of the Strategy and the Work and Skills team played a large part in delivering the social value outputs and outcomes that related to work and skills. The refreshed Social Value strategy also had an enhanced focus on employment and some of the groups who were not previously sighted as benefitting from Social Value now had been. She also advised that there was an evidence base that underpinned priority sectors which had existed for some time and there was a strong correlation with the GMCA priority sectors. It was stated that Manchester contributed more to these sectors than any other GM authority. In terms of work with SME's there was a GM commission programme looking at skill shortages and needs and employing apprentices.

The Committee was advised that it was too early in the process to give any specific details on how the co-design process would work or look like, but it was acknowledged that it would build on previous good practices of engagement with communities and organisations across the city.

The Director of Inclusive Economy acknowledged the need for various scenario planning and this needed to be picked up in the evidence base. The Living Wage and Good Employer Charter would be critical to the success of the Strategy and it was reported that before and during COVID, businesses had been keen to step up an make offer that would make a difference to residents in the city. She also advised that the Inequalities Commission had reported its finding and agreed to share with Committee Members.

Decision

The Committee endorse the proposed approach to the refresh of the Manchester Work and Skills Strategy.

ESC/21/32 Economy COVID19 Sit Rep Report

The Committee considered the report of the Director of City Centre Growth and Infrastructure that provided Members with a further update summary 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 this Committee.

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

- Was there any information on what office space businesses were going to require with the anticipated lifting of COVID restrictions as it was recognised that employees would not likely be returning to working in an office every day of the week; and
- Was there any levers to ensuring that the appointed contractor for the regeneration of North Manchester General Hospital sub contracted out work to local businesses in the north Manchester area in the first instance

The Director of City Centre Growth and Infrastructure advised that a lot of small to medium sized businesses were keen for its staff to return to the office but a number of the large agency offices were delaying a return of its staff until the Autumn. Larger businesses were also looking for more flexible work spaces and at present there was an increased demand for collaborative spaces compared to traditional office spaces. She advised it was too soon to say what would happen come autumn and only as the vaccination programme rolled out and restrictions were lifted would there be a representative picture of what was required.

The Director of Inclusive Growth advised that a Social Value Framework for North Manchester was to be established which all parties, including MFT, the Mental Health Trust and FEC would sign up to in order to focus on a delivery of a consistent set of delivery outcomes. She advised that an update on this could be included in the next update on either North Manchester Hospital or Victoria North.

Decision

The Committee notes the report

ESC/21/33 Overview Report

The 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.

Decision

The Committee note the report.