

Economy and Regeneration Scrutiny Committee

Minutes of the meeting held on Tuesday, 7 November 2023

Present:

Councillor Johns – in the Chair
Councillors Abdullatif, Benham, Hussain, Iqbal, Northwood, Richards, I Robinson, Shilton Godwin and Taylor

Also present:

Councillor Craig, Leader
Councillor Hacking, Executive Member for Skills, Employment and Leisure
Councillor Rawlins, Executive Member for Environment and Transport
Councillor White, Executive Member for Housing and Development
Steven Cochrane, Partnership Director, Oxford Road Corridor
Michael Bullock, arc4

ERSC/23/45 Minutes

Decision

That the minutes of the meeting held on 16 October 2023 be approved as a correct record.

ERSC/23/46 Oxford Road Corridor

The Committee received a report of the Strategic Director (Growth and Development) which provided information on how the Oxford Road Corridor facilitated and promoted innovation, commercialisation and employment growth in Manchester.

Key points and themes within the report included:

- Policy context;
- Planning and delivery;
- Investment, impact and key schemes; and
- Future development and opportunities.

Key points and queries that arose from the Committee's discussions included:

- To welcome the contribution of the Oxford Road Corridor to the city's economy and plans for the future, while emphasising the importance of inclusive growth and making the city fairer;
- The impact of the cancellation of the HS2 line to Manchester on this work;
- Engaging with local residents, mitigating negative impacts for residents and ensuring that they could benefit;
- The pathways for local residents to the higher-paying jobs that were being created and ensuring that under-represented communities were not only able to access lower-paid jobs;

- Requesting that future reports included information on engagement with and inclusion of local communities;
- What were the constraints on economic growth and how would they be mitigated; and
- Making the partnership more inclusive including opportunities to collaborate with ethnic minority-led organisations and stakeholders, for example, Curry Mile traders.

The Leader explained that the Oxford Road Corridor was a partnership of organisations and that the individual organisations also had their own programmes of work, which the Committee might be interested in considering at a future meeting. She reported that the decision about HS2 would affect the ability of the UK to have a more balanced economy but that the level of ambition for the Oxford Road Corridor was longstanding and would remain the same, despite the challenges presented in relation to connections and rail capacity, and she highlighted some of the opportunities of the Oxford Road Corridor, in relation to research, innovation and the growth of the science sector. She commented that the points relating to local residents accessing better paid jobs were addressed within the Economic Strategy, which was the next item on the agenda.

Steven Cochrane, Partnership Director, Oxford Road Corridor reported that the Corridor was a great example of setting a strategic vision for an area and remaining committed to it over an extended period of time, during a turbulent period for the UK, which had included the economic crash, Brexit and the pandemic. He highlighted that the types of jobs that had been created included ones which previously people would have had to leave Manchester to pursue. He outlined how partners, including the universities, NHS and private sector had worked together to deliver strategic schemes and attract investment and highlighted the use of evidence-based policy development. He advised Members that the research taking place on the Corridor was bringing economic benefit but also societal benefit, for example, research in life sciences. He recognised comments about the impact of growth on local communities while stating that the universities had tried to use the public realm to make the area more welcoming with recent developments. He stated that the universities and NHS recognised the importance of engaging effectively with local communities. He reported that earlier in the year the partnership had mapped out all the widening participation activity which partners were undertaking, providing a number of examples of this activity and offering to share the report with Members. He recognised a Member's comments about social mobility and moving people from entry level jobs to higher paid roles, stating that this was a challenge but that partners were committed to improving this.

In response to a Member's comments, the Strategic Director (Growth and Development) clarified that the reference to Upper Brook Street within the report related to the wider ambitions for the area as set out in the Strategic Regeneration Framework and that the specific details of any development would be subject to the planning process.

The Executive Member for Skills, Employment and Leisure reported that significant opportunities were being created and that enabling residents to access these opportunities was a key priority for the Council. He highlighted the work taking place

in relation to the Work and Skills Strategy and suggested that the Committee receive a more detailed report on the skills and employment programmes which were operating in the city. Steven Cochrane reported that he would be happy to contribute to a future report on this. In response to a Member's comments about working with diverse stakeholders, including traders on the Curry Mile, he offered to speak to the Member outside of the meeting about how to better engage with these groups.

The Director of Inclusive Growth reported that, while there was still more that could be done, there was a lot more engagement between the universities and local residents than there had been when the Corridor started, including university staff on school governing bodies, Manchester Metropolitan University's first generation programme aimed at families which did not have a history of family members attending university and degree apprenticeships, as well as employment-led programmes in each of the big institutions on the Corridor. She also informed Members about the role of the Civic University Partnership across the five Greater Manchester universities.

The Strategic Director (Growth and Development) acknowledged the challenges raised by a Member, including in relation to the electricity grid and the lack of investment in Oxford Road Station. She informed Members that the Corridor enabled the Council to work with partners to bring together a more cohesive plan for the area and reported that there was a longstanding, constructive relationship with Electricity North West to plan for electricity requirements across the city. She also reported that they were working closely with Network Rail to look at investment in Oxford Road Station.

Decisions:

1. To request that the Widening Participation report be circulated to Committee Members.
2. To request that more information on the Work and Skills interventions be submitted to the Committee's March meeting, when it will be considering a report on the Work and Skills Strategy.

[Councillor Johns declared a personal interest as his partner was employed by the Royal Northern College of Music.]

ERSC/23/47 Investing in Success: An Economic Strategy for Manchester

The Committee received a report of the Strategic Director (Growth and Development) which presented the final economic strategy which would be taken to Executive on 15 November and described the development process followed in creating the strategy.

Key points and themes within the report included:

- The development process;
- Resident and worker engagement;
- Business engagement;
- Phase 2 online survey;

- The Council's response to the challenges; and
- Delivery and measuring success.

Key points and queries that arose from the Committee's discussions included:

- The impact of the cancellation of the HS2 line to Manchester;
- Electricity North West's capacity to increase supply at the speed and scale required;
- How the Council was engaging with residents, ensuring that the people responding to consultations were representative of the population of the city, including on ethnicity, level of qualifications and employment status;
- Data capture and monitoring measures, including the impact of the pandemic on ways of working, ensuring that equity and inclusive growth were included in the measures and that consideration should be given to including a measure on the proportion of people's income spent on rent;
- The focus on the city centre and the importance of ensuring that deprived neighbourhoods benefited from economic growth; and
- Whether there was an over-reliance on high value growth sectors.

The Leader expressed her frustration and concern about the decision in relation to HS2. She reported that improving connections between the east and west and north and south would enable the city to unleash its full potential and that the city was facing a challenge in addressing this without any meaningful discussion with national Government as yet on alternative transport projects; however, she advised that the Council would continue to pursue this and engage in discussions with the Government. She stated that businesses needed certainty and a coherent plan and that the Council was working to reassure stakeholders. She stated that the Council would be working with Greater Manchester colleagues on what infrastructure investment was needed over the next ten years, including transport, the electricity grid and the decarbonisation of energy. In response to a Member's question about capitalising politically on the launch of the Strategy to lobby the Government and the Opposition frontbench on behalf of the city, she stated that she had been putting forward the case that a future Government could place responsibility for economic development on local authorities, with a duty to collaborate across the combined authority area. She stated that political lobbying would take place regarding the tools that the city needed to achieve the ambitions set out in the Strategy. She reported that the measures set out in appendix 2 were still a work in progress and highlighted the Key Performance Indicators for Making Manchester Fairer which, she advised, when brought together with these measures, would provide a richer picture.

The Strategic Director (Growth and Development) reported that the Council had a strong relationship with Electricity North West and met regularly with them to review requirements, ensuring that forecasted growth in the city and Electricity North West's 5-year investment plans were aligned, adding that there was also scope for flexibility within their plans, informed by the ongoing discussions. In response to questions relating to data gathering and monitoring, she offered to bring regular updates to the Committee on the Performance Management Framework.

The Chair commented that it would be useful for the Committee to receive updates on the Performance Management Framework and consideration would be given to the timing and frequency of these.

The Strategy and Economic Policy Manager informed Members about the engagement that had taken place in relation to the Strategy, including work to reach different groups, such as face-to-face engagement in different communities and settings. He highlighted the further opportunity to engage with residents on the refresh of the Our Manchester Strategy. He reported on the measures that would be used to monitor progress in relation to the areas that the Strategy was intended to influence, acknowledging that work was still needed on the data gathering process and use of data in relation to a couple of aspects of this work. He informed Members that the information on rent was available and could be included and that the intention was to include measures relating to inclusive growth and equity, with work still taking place on how best to do this. He advised that using measures which could be compared against trends was helpful when there was an event which had a significant economic impact, such as the pandemic, as the Council could see how Manchester was performing against other cities. The Head of City Policy reported that the measures had been split into resident prosperity and economic performance.

The Strategic Director (Growth and Development) reported that the city centre would be the primary driver of growth but that the Council was also looking at the role of other areas and neighbourhoods across the city such as Wythenshawe, Holt Town, Gorton, Moston and Withington and could look again at whether this was reflected strongly enough in the Strategy. She stated that the Strategy reflected the importance of both the high value and the everyday economy and that the Council recognised the importance of employment across and the need to support all sectors but that high value sectors would drive the biggest increases in productivity. She reported that one of the successes of Manchester had been in diversifying its economy.

In response to a Member's question on the Community Health Equity Manchester (CHEM) sounding boards, the Director of Inclusive Economy reported that these had been developed during the pandemic as a way of communicating with different communities and that her service had engaged with them on work relating to the cost-of-living. She advised that she would respond to the Member's question on the structure and make-up of the sounding boards after the meeting. She reported that these sounding boards were one part of a wider system relating to the Communities and Power theme of Making Manchester Fairer.

The Chair noted that the issue of ensuring that consultation responses and engagement reflected the diversity across the city had been raised at a number of the Committee's meetings and advised Members that he would speak to the Chair of the Communities and Equalities Scrutiny Committee about how this was being scrutinised by her Committee.

A Member commented that it was important for the Council to clearly communicate to residents the purpose of consultations and how the responses would be used to improve the lives of Manchester residents.

In response to a Member's request that a measure on the proportion of people's income spent on rent be included in the measures for the Strategy, the Leader confirmed that this would be included in the final version.

Decision:

To commend the Strategy to the Executive for adoption.

ERSC/23/48 Revenue Budget Update 2024/25

The Committee considered the report of Deputy Chief Executive and City Treasurer which informed Members that the Council was forecasting an estimated budget shortfall of £46m in 2024/25, £86m in 2025/26, and £105m by 2026/27. After the application of approved and planned savings, and the use of c£17m smoothing reserves in each of the three years, this gap reduced to £1.6m in 2024/25, £30m in 2025/26 and £49m by 2026/27. This position assumed that the savings approved as part of the Medium-Term Financial Strategy in February 2023 of £36.2m over three years were delivered.

The report provided a high-level overview of the updated budget position. The Committee was invited to consider the current proposed changes which were within its remit and to make recommendations to the Executive before it agreed to the final budget proposals in February 2024.

Key points and themes within the report included:

- Updates on the refreshed position including progress in reaching a balanced budget, reflecting preliminary savings and investment options;
- The government was expected to announce the Autumn Statement on 22 November 2023, but no major changes were expected;
- Government funding for 2024/25 would be confirmed in the provisional finance settlement, expected late in December 2023;
- The accompanying report set out the priorities and officer proposals for the services within the remit of this committee. This included a reminder of the savings proposals identified as part of last year's budget setting process (£36.2m across three years) and additional savings for consideration (£2.5m from 2024/25). As far as possible these were aimed at protecting the delivery of council priorities and represented the least detrimental options; and
- There remained a forecast shortfall of £1.6m next year. Any further reduction to the underspend this year would reduce the need to top back up General Fund reserve in 2024/25 and help bridge this shortfall. In addition, the Collection Fund position would be finalised in January and the final levy amounts from GMCA confirmed.

The Leader informed the Committee that she had written to the Chancellor of the Exchequer to highlight the precarious financial position that Manchester and other local authorities were in, with sustained funding cuts over a number of years, increasing budget pressures and rising demand for services.

Members expressed concern about the financial position that Manchester had been placed in over a number of years. Members commended officers and the Executive for delivering a balanced budget over these years in the face of so many challenges, commenting that Manchester had been disproportionately affected by funding cuts.

In response to a Member's question about confidence in financial forecasting, the Head of Finance (Corporate Core) reported that there were elements of risk, for example, relating to inflation and increased demand, and the budget would be refreshed every year. He advised Members that the Committee would receive a further budget report in February, following the financial settlement from Government in December. In response to a further question, he drew Members' attention to a more detailed report on the budget, including the risks and assumptions made, which had been submitted to the Resources and Governance Scrutiny Committee.

Decision:

To note the report.

ERSC/23/49 Growth and Development 2024/25 Budget Proposals

The Committee received a report of the Strategic Director (Growth and Development) which set out the priorities for the services in the remit of the Committee and detailed the initial revenue budget changes proposed by officers. The Committee was invited to consider the current proposed changes which were within its remit and to make recommendations to the Executive before it agreed to the final budget proposals in February 2024.

Key points and themes within the report included:

- Service overview and priorities;
- Service budget and proposed changes;
- Commissioning and procurement priorities;
- Workforce implications;
- Equality and anti-poverty impact; and
- Future opportunities, risks and policy considerations.

A Member reported that Manchester Adult Education Services (MAES) was an excellent service which had suffered considerable cuts since 2010 and she emphasised the importance of protecting the service and, if possible, developing it. The Chair commented that at a time of high inflation, maintaining current funding levels represented a cut in real terms.

A Member noted the proposed efficiency savings within the Growth and Development Directorate, questioning whether it was possible to make any more efficiency savings and whether these savings would impact on the ability to deliver the 10-year Housing Strategy.

The Strategic Director (Growth and Development) acknowledged the comments relating to MAES and the importance of this provision and reported that she was working with colleagues from MAES and Finance to look at options in relation to this.

She also acknowledged the Member's point about whether efficiency savings was the right term for the proposals in relation to the Growth and Development Directorate and clarified that the Directorate was not looking to make any cuts. She reported that this was a relatively small Directorate which generated income for the Council and was undertaking new programmes of work. She informed Members that the Directorate would receive an uplift but would need to be creative, including looking at the use of reserves, grant funding and the management of its commercial estate.

In response to a Member's request for clarification on the proposals relating to parking, the Head of Finance (Corporate Core) reported that, following the pandemic, income from off-street parking had reduced and was now approximately £2.1 million lower than had been forecast and that this gap was currently being funded from car parking reserves while the strategy for parking was reviewed to ensure a balanced budget from 2025/26 onwards.

Decision:

To note the report.

ERSC/23/50 Housing Needs Assessment

The Committee received a report of the Strategic Director (Growth and Development) which provided an update of the Housing Needs Assessment commissioned to inform the development of housing policies in the emerging Local Plan.

Key points and themes within the report included:

- Background information, including national planning policy and guidance and the Housing Needs Assessment methodology;
- Affordable housing;
- Mix of size and type of housing need;
- Housing for older and disabled persons including the need for accessibility standards/housing for people with additional needs;
- Private Rented Sector;
- Self-build and custom housebuilding; and
- Next steps.

Key points and queries that arose from the Committee's discussions included:

- To welcome the consideration of the needs of older people, recognising the importance of having the right accommodation for older people in the right areas, while also freeing up family homes;
- Noting the LGBT+ Extra Care Scheme in Whalley Range, were other innovative schemes being considered for how people might want to live as they got older;
- Whether the study on gypsy and traveller communities referenced in the report was being considered by the relevant scrutiny committee;
- People using spare bedrooms as offices, due to the increase in people working from home, and the importance of gathering data on this;
- The importance of affordable housing; and

- Concern about the standard of some private sector housing, including energy efficiency, and tenants' rights in the private sector.

The Director of Planning, Building Control and Licensing informed Members that the work relating to gypsy and traveller communities had already been commissioned, as well as a separate report on travelling show people; however, it was not quite yet at a stage to bring to Scrutiny. In response to a question from the Chair, she reported that the expectation from the Government was that not all of the 10,000 affordable homes target would be delivered through planning policy, with most of it delivered through other means, such as Homes England funding; however, there was a need for more affordable housing in the city so consideration would be given to whether additional affordable housing could be achieved through planning policy.

The Planning and Infrastructure Manager acknowledged that there was a need to better understand the extent to which changes in working from home during the pandemic had led to longer-term changes and how this might need to be taken into account in relation to housing. In relation to a question about owner-occupiers, he advised that these were included in the report in relation to the mix of accommodation in different parts of the city. He advised that this was something which could be discussed further in future reports which would be brought before the Committee. He drew Members' attention to a report which was due to be considered at the next meeting of the Environment, Climate Change and Neighbourhoods Scrutiny Committee on energy usage within new residential and commercial developments. In response to a question from the Chair about the Levelling Up and Regeneration Act, he advised that there was still further legislation and regulation to follow and that the Council was currently continuing to follow current legislation and regulations for the delivery of the Local Plan. In response to a further question, he clarified that the Housing Needs Assessment was an evidence-based study which provided recommendations for the Council to consider, alongside other pieces of evidence, to inform the Council's development of the draft Local Plan, which would be brought to the Committee and the Executive.

Michael Bullock from arc4 reported that a detailed Housing Need report would be available in due course. He emphasised the importance of level access accommodation, due to demographic change, and more social rented accommodation and expressed concern about the Private Rented Sector in Manchester, reporting that the Local Housing Allowance was significantly below rent levels. In response to a Member's question, he advised that first homes should be recognised as a potential component of affordable housing, as this included both affordable rented and affordable home ownership, but that as much of this as possible should be social rented housing.

The Executive Member for Housing and Development reported that more homes were needed of all types and tenures across the city and that this report would inform the Council's plans to ensure that the right homes were built in the right places. He reported that the Leader had raised the issue of the growing gap between Local Housing Allowance and rents in her letter to the Chancellor. He stated that he welcomed some elements of the First Homes initiative from the Government but advised that a more coherent, sustainable strategy on new housing was needed. He acknowledged Members' comments about people paying high rents for low quality

housing in the Private Rented Sector and stated that the Council would welcome more regulation and was using Selective Licensing and other tools to bring more accountability in this area. He highlighted the Renters Reform Bill, which was going through Parliament, which would provide greater protection to renters. He confirmed the Council's commitment to ensuring that Manchester was a great place to grow older. He reported that 30% of social housing was under-occupied, in particular older people in homes with empty bedrooms which did not meet their needs, including in terms of mobility issues, and that the Council was working innovatively on schemes which met older people's needs and enabled them to continue to live in their local area.

Decision:

To note the report.

ERSC/23/51 Overview Report

A report of the Governance and Scrutiny Support Unit was submitted. The overview report contained key decisions within the Committee's remit, responses to previous recommendations and the Committee's work programme, which the Committee was asked to approve, and the Economy Dashboard for information.

A Member asked that the item on Manchester Airport scheduled for the December meeting include consideration of the impact of the Airport on parking in surrounding residential areas, to which the Chair agreed.

The Chair reminded Committee Members that they had been invited to attend the next meeting of the Environment, Climate Change and Neighbourhoods Scrutiny Committee, which would be considering items on Vision Zero and Active Travel.

Decision:

That the Committee note the report and agree the work programme, subject to the above comments.