

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 10 November 2022

Present:

Councillor Johns (Chair) – in the Chair
Councillors Bell, Good, Moran, Noor, Raikes and Shilton Godwin

Also present: Councillors:

Apologies: Councillor I Robinson and Taylor

ESC/22/41 Minutes

Decision:

That the minutes of the previous meeting, held on Thursday, 13 October 2022, be approved as a correct record.

ESC/22/42 Economic Strategy Update

The Committee considered a report of the Strategic Director of Growth and Development, which provided an update on the development of a new Economic Strategy which sets out how the next phase of Manchester's growth can ensure that the city's economy is both high performing and drives a reduction in inequalities.

Key points and themes within the report included:

- The vision and key purposes of the Strategy;
- One option for the structure of the Strategy is to have five themes which sit around the core outcome of ensuring that Manchester's economy is one of the most high-performing, whilst reducing inequality. The other themes would include:
 - A strategic approach to development and investment
 - Thriving, productive and innovative sectors
 - World class infrastructure, places and talent
 - Zero carbon growth
 - Including more people in economic opportunity
- Engagement to be undertaken through roundtables and policy panels with leading economists; business engagement through the Business Sounding Board, Our Manchester Business Forum and Anchors Group; and partner engagement through the Our Manchester Forum and other relevant boards;
- A proposal to approach an external organisation to provide challenge and thinking about the future of economic growth in the city and how this can have the greatest impact on reducing inequality; and
- The Strategy will be scoped during autumn 2022 and will be formally developed in the first part of 2023 with formal approval in early summer 2023.

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

- Commending the focus on economic growth;
- Whether there was an intention to focus on living costs, income and middle-tier jobs;
- The role of Manchester City Council both in the Greater Manchester region and wider North of England and the benefit of working in partnership to develop the economy;
- A need for a broader focus around socioeconomic barriers such as unemployment and disability to reduce economic inequality;
- How the objectives of the Strategy can be married with zero-carbon targets;
- The importance of considering the types of industries to attract to Manchester;
- Energy retrofitting, and how this was being undertaken for the Northwards housing stock;
- If any difficulties had been experienced with retrofitting listed buildings;
- How the Strategy would address negative externalities and impacts of growth; and
- What a 'resilient economy' looks like.

The Strategic Director of Growth and Development emphasised that the Council had a long-term approach to growth and that the Economic Strategy did not signify a fundamental change in the Council's focus. She highlighted that Manchester's economy was much stronger than 20 years ago and some of the issues it currently faced were very different, such as unprecedented demand for housing, which needed to be addressed, but the Council would continue to work in partnership with the markets, utilise its assets and take a strategic approach to development and attracting external funding. The Strategy would be owned collectively by stakeholders and developed inclusively to recognise the need for collaboration in addressing a potentially-challenging economic period.

The Strategic Director of Growth and Development acknowledged a need to examine living costs and income and commented that key enablers for work would be studied as part of work on the Strategy. It was also stated that Manchester has an increasingly-recognised national role and the Strategy needed to reflect the Council's position both within Greater Manchester and the wider region.

The Executive Member for Housing and Development commented that removing barriers to economic growth and investment which exacerbate inequality is a key objective for the Strategy.

Members were advised that significant work had been undertaken to retrofit Northwards housing stock, which had been brought back under Council ownership. The Executive Member and Deputy Executive Member for Housing and Development had recently visited properties in Harpurhey and Charlestown which would be retrofitted to zero-carbon standards. Other works included spending £83 million in recent years on energy improvements to Council-owned properties in North Manchester; providing energy advice to 2100 residents which saved an estimated total of £370k a year; insulating 1600 solid-wall properties; external rendering insulation to 14 high-rise blocks of flats; high and low-rise heat pumps to 580 homes; solar voltaic panels on 2350 roofs and homes; solar thermal panels on 8 retirement blocks; low-energy lighting to 300 blocks of flats; 11,000 homes with high-efficiency

condensing boilers; 12,000 homes with double glazing; 5000 homes with cavity wall insulation; 7000 homes with loft insulation; and securing external funding for these works.

In reference to listed buildings, it was highlighted that work is undertaken closely with the Planning and Listed Building Officers to ensure retrofits are sympathetic and appropriate to conservation areas where applicable. Some external works are inappropriate but works such as double glazing, door sealant and heat source pumps could be installed to improve energy efficiencies of listed buildings.

The Executive Member for Housing and Development recognised that more needed to be done and that the Council wanted all properties to be of a standard which meant it would be cheaper, safer and warmer for residents.

The Strategic Director for Growth and Development acknowledged the enormous cost of retrofitting the Council's housing stock and work was being undertaken to identify new and innovative ways to invest in sustainable retrofit and development. The Council was working on this with 3Ci, a partnership between Connected Places Catapult, Core Cities UK, London Councils and other local authorities across the UK, and other Core Cities.

Assurances were provided that the Council would seek to employ all possible levers to address challenges between growth and sustainability. The quality of development, businesses and sectors would be an important consideration and the definition of a 'resilient economy' would be established partly through the development of the Strategy and external challenge. The Strategic Director for Growth and Development explained that diversity between industries would be at the heart of the Strategy and help the resilience of the economy.

In response to a query as to how the Strategy would address negative externalities and impacts of growth, the Strategic Director of Growth and Development explained that Council-owned land and assets would be used to mitigate risk and meet the priorities and objectives of the Strategy.

Decision:

That the report be noted.

ESC/22/43 Poverty Strategy Update

The Committee considered a report of the Director of Inclusive Economy which provided an overview of the work undertaken to date to develop a refreshed Poverty Strategy, referred to as the Anti-Poverty Strategy in the report, for the city.

Key points and themes within the report included:

- Poverty remains a significant and complex problem for Manchester residents, is driven by many external factors and has persisted despite the best local efforts to reduce it.

- A significant amount of partnership work had been undertaken to deliver the 2017 Family Poverty Strategy over the past five years against a backdrop of health and economic challenges which highlighted and exacerbated poverty in Manchester;
- The new Anti-Poverty Strategy provided an opportunity to identify the impact of these challenges and extend the Strategy to cover all households with and without children;
- Conversations with key stakeholders and partners helped to shape the development of the new Strategy as well as understanding the lessons from the Family Poverty Strategy;
- An Equality Impact Assessment (EIA) was undertaken in June 2022 to identify how poverty impacted on different communities of identity. This indicated that all communities of identity were more likely to live in or experience poverty with the biggest impact felt by disabled residents, people from Black, Asian and Ethnic Minority backgrounds, the over 50's and people with one or more protected characteristics;
- The EIA has informed the engagement process of the Strategy, particularly with residents;
- There were 4 suggested priorities and actions to be included in the final strategy, which were subject to further refinement with our stakeholders as well as formal consultation:
 - Preventing Poverty
 - Mitigating Poverty
 - Pathways Out of Poverty
 - Good Governance and Effective Delivery
- The Manchester Anti-Poverty Strategy will sit under the Making Manchester Fairer Plan and will support the delivery of these priority actions, along with other key actions identified through the development of the Strategy;
- A formal online consultation on the draft strategy will be carried out in mid-December, with the final Strategy being taken to Executive in January 2023.

The key points and queries that arose from the Committee's discussion included:

- Welcoming the proposed priorities;
- How much focus was placed on prevention of poverty and relief that could be provided, given the context of the cost-of-living crisis;
- How targeted the evidence base was;
- How the outcomes and delivery of the Strategy would be measured;
- Commending the pathways out of poverty referenced in the Strategy;
- How long "breathing space" periods to pause enforcement against residents for non-payment of fines or other charges when they are accessing professional support or help would last;
- Whether the Council had considered reviewing the use of bailiffs for debt collection;
- How frequently members will receive progress updates on the work within the Anti-Poverty Strategy;
- Consultation with ethnic minority communities and the voluntary sector;
- Vagueness within Appendix 1 with regards to gender reassignment and what data the anecdotal evidence referred to in the appendix is based on;

- The stigma around the term 'poverty', and welcoming training provisions for frontline workers to recognise the signs of poverty;
- What actions were being taken to remove or address barriers to people using work as route out of poverty, such as childcare or transport; and
- Highlighting the importance of good quality work as a pathway out of poverty.

In introducing the item, the Deputy Leader of the Council explained that work had been undertaken to refresh the Poverty Strategy, which had been renamed the Manchester Anti-Poverty Strategy to demonstrate the Council's commitment to reducing and eradicating poverty within the city. The Strategy would form part of the Council's work on 'Making Manchester Fairer' and was an important piece of work given the challenges of the cost-of-living crisis. She highlighted that Manchester was ranked the 6th most deprived local authority in 2019 and 42% of children in the city live in poverty.

The Director of Inclusive Economy commented that the Council had access to both local and non-local levers to address poverty and a Family Poverty Strategy was already in place. She explained that the Anti-Poverty Strategy was devised by drawing on the Council's substantial evidence base, a literature review, and extensive targeted consultation.

The Director of Inclusive Economy concurred with members' comments on the importance of prevention and highlighted how the Council had amplified its response to the cost-of-living crisis. The Anti-Poverty Strategy would be positioned between this response and the Making Manchester Fairer Action Plan, which addressed the relationship between poverty and health inequity.

The Strategy and Economic Policy Manager explained that the evidence base for the Strategy was drawn from publications by organisations such as the Joseph Rowntree Foundation and the Resolution Foundation. Whilst the Council had a lot of data, it was acknowledged that it did not have a reliable overall measure of poverty at a Manchester-level. The data available provided a probability of characteristics and demographics of those who may experience poverty and work had been undertaken closely with the team working on Making Manchester Fairer.

In response to a query around measuring outcomes and delivery, the Strategy and Economic Policy Manager acknowledged difficulties in identifying trends and patterns between indicators of poverty and the actions taken as part of the Strategy. External circumstances would also affect the measurement of delivery and the focus would need to be on evaluating individual projects and their effectiveness.

The Deputy Leader of the Council explained that there had been significant engagement with Black, Asian and Ethnic Minority (BAME) groups through Covid-19 work and the Council was keen to build on this engagement as work progressed on the Anti-Poverty Strategy. The Strategy and Economic Policy Manager advised that there had been discussions with many organisations working with BAME residents and there would be a formal online consultation for all residents and group sessions with key organisations across a range of communities.

The Director of Inclusive Economy highlighted the Council's robust system for using bailiffs, particularly in cases where a resident is receiving council tax relief. She explained that the Strategy sought to address how good practice could be shared between the Council and partner organisations and create an aligned approach.

Clarification on how frequent progress would be updated to Economy Scrutiny Committee would be provided once the Strategy was live and there was a process for measuring progress. The work of the Strategy would also impact the information within the Economy Dashboard, which committee members received in their agendas.

The Deputy Leader of the Council concurred with members' comments around the stigma of poverty and its impact on mental health. She emphasised that the Council wanted to highlight the support and resources available for residents who may be struggling and this would be embedded into the final version of the Strategy.

In response to a member's query about what was being done to address issues such as childcare and travel, which could be a barrier to employment and getting out of poverty, it was explained that affordable and accessible childcare was a key component of the current Family Poverty Strategy to enable parents to access work. This would be continued in the new policy. The re-regulation of transport had already yielded benefits in terms of capped fares - £1 single for children & young people and £2 for adults. In addition, the Our Pass for young people had been important in enabling young people to travel across the conurbation for post-16 education and training of their choice.

In discussing the importance of good quality work, members were reminded that the next meeting of Economy Scrutiny would consider the Living Wage and Greater Manchester Good Employment Charter.

Decision:

That the report and proposed priorities for the Manchester Anti-Poverty Strategy be noted.

ESC/22/44 Revenue Budget Update

In introducing the item, the Chair proposed that item 8 – Growth and Development 2023/24 Budget Proposals – be discussed in conjunction with this item.

The Committee considered a report of the Deputy Chief Executive and City Treasurer which outlined the financial challenge facing the Council, the latest forecast position, and the next steps.

Key points and themes within the report included:

- The Council is forecasting an estimated budget shortfall of £44 million in 2023/24, £85 million in 2024/25, and £112 million by 2025/26;

- After the use of circa £16 million smoothing reserves in each of the three years, the estimated budget shortfall reduces to £28 million in 2023/24, £69 million in 2024/25 and £96 million by 2025/26;
- There remained a budget gap of £7 million to close to get to a balanced budget in 2023/24 despite proposals outlined in the report;
- The Council's funding from central government would be confirmed in the Provisional Finance Settlement, which was expected in late December 2022;
- The indicative medium-term position, planned use of reserves and the level of savings proposals to date;
- An assumed council tax increase of 1.99% per annum and Adult Social Care precept of 1% per annum;
- Indicative workforce reduction linked to savings proposals was anticipated to be managed through natural turnover and vacancies;
- Public consultation on the proposed council tax levels and savings and cuts measures would take place from early November 2022 until January 2023 and a full analysis would be reported to Budget Scrutiny in late February; and
- The next steps for the budget process.

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

- Expressing disappointment at the budget cuts imposed by central government;
- Commending officers for maintaining a strong financial standing for the Council and continuing to support residents; and
- If and how a reduction of 70 FTE as outlined in the report would impact the workload of teams and services;

The Executive Member for Finance and Resources introduced the item by highlighting Manchester City Council as a well-managed and financially-responsible authority and stated that the budget shortfall was the direct result of ideological decisions taken by the government over the previous decade. He explained that the Council's budget had been unfairly cut by £428 million since 2010/11 and that if Manchester had received the average cuts to funding the city council budget would be £77 million per year better off.

Members were informed that the problem was not solely experienced by Labour Councils and a recent survey conducted by Grant Thornton found that 1 in 6 councils would run out of money in 2023/24.

The Executive Member for Finance and Resources provided assurances that the loss of 70 FTE would be through natural turnover and there would be no need for voluntary retirement or severance, meaning there would be little impact on the workload of officers and teams. The dedication and commitment of staff to the city enabled the Council to continue providing services for residents.

The Directorate Head of Finance highlighted that this was the first-stage of the process but more savings were needed to ensure a balanced budget. A report would be provided to Scrutiny Committees in January 2023 and a firmer position was anticipated then as the Autumn Statement and Finance Settlement would be released.

Decision:

That the report be noted.

ESC/22/45 Growth and Development 2023/24 Budget Proposals

The Committee considered a report of the Strategic Director of Growth and Development which outlined the priorities for the services within the remit of the Economy Scrutiny Committee and highlighted the initial revenue budget changes proposed by officers.

Key points and themes within the report included:

- The Growth and Development directorate was made up of City Centre Growth and Infrastructure, Strategic Development, Strategic Housing, Planning, Building Control and Licensing, Investment Estate, Manchester Adult Education Service (MAES), Work and Skills, Digital Strategy and Highways;
- The Growth and Development directorate has a gross budget of £35.5 million and generates £44.8 million in income;
- The Highways service has a gross budget of £25.1 million;
- Proposed savings for these services had been identified and amounted to £3.54 million over three years;
- Proposed savings and income generation included:
 - Additional income from Manchester Airport Group to the Investment Estate department, although this was dependent on meeting forecasted performance;
 - A saving of £170k once the former Gala Bingo building in Wythenshawe is disposed of and outstanding borrowing is settled;
 - Deletion of a vacant grade 4 post in the Strategic Housing department;
 - Generating increased income through Highways;
 - Deletion of two vacant posts within the Highways service and one Neighbourhood Liaison post;
 - Temporarily reducing gully cleansing for three years;
- There were no budget growth proposals or emerging pressures within the directorate;
- An overall reduction of 4 Full Time Employees (FTE) was anticipated as part of the savings proposals but this would be managed through natural turnover and deleting vacancies; and
- The directorate continued to be affected by Covid-19, particularly in the Investment Estate service, and work was ongoing to assess requests for rent holidays on a case-by-case basis.

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

- The importance of the Work and Skills service and Manchester Adult Education Services (MAES) and how these were funded;

- Whether the Strategic Assets Management Plan would be scrutinised by Resources and Governance Scrutiny Committee;
- Greater Manchester Combined Authority's (GMCA) budget proposals and how these would affect Manchester City Council;
- Expressing concern over the proposal to temporarily stop gully cleansing;
- How temporarily reducing gully cleansing would save money;
- How the Council would continue to engage with neighbourhoods if it deleted the Neighbourhood Liaison Officer post as proposed;
- Suggesting that Highways Inspectors be concentrated in areas of regeneration;
- The impact of deleting the vacant post in the Highways Maintenance Team; and
- Whether the increased fee income from design and project management work, outlined in Appendix 1, was an external income generator or an internal cost.

The Executive Member for Housing and Development explained that the Growth and Development directorate was income-generated through assets, investment estate and new homes which helped to generate net income for the Council to support other services and wider work.

The Executive Member for Skills, Employment and Leisure highlighted the interconnectedness of budget cuts and that these would have knock-on impacts on different services and enabling the Council to achieve its priorities.

The Director of Inclusive Economy explained that the Adult Education budget was largely a central government budget and had been cut over the previous 10 years. MAES was funded by a portion of this budget which is devolved through GMCA but there had been no increase in this, which had resulted in MAES using reserves, particularly during the Covid pandemic. The number of teaching and non-teaching staff was reduced in 2021 as a result of this and this had been highlighted to GMCA and central government.

The Work and Skills service was part of the Core Cities budget, which had been reduced slightly in 2020 and no changes had been or were anticipated to be made to this budget.

In reference to GMCA's budget proposals, the Directorate Head of Finance advised members that there had been an indication on some of the financial support and charges from GMCA. This was not finalised and he endeavoured to address this outside of the meeting.

In response to a query regarding the Strategic Assets Management Plan, the Strategic Director of Growth and Development explained that this would bring together information, policies and procedures on the Council's assets and would provide a framework for decision-making as to how these assets would be used. The Plan would fall within the remit of the Resources and Governance Scrutiny Committee but a briefing note could be provided to members of Economy Scrutiny Committee, which the Chair welcomed.

The Leader of the Council welcomed the questions and challenge from the Committee. She commended the work and proposals of officers, who sought to prioritise the most vulnerable services and residents. She stated that the situation the Council faced was a result of an ideological attack faced by cities like Manchester and political choices and that this had informed the proposed budget cuts.

The Head of Network Management advised that the Highways service had undertaken significant work to identify what he referred to as the “least-disruptive” savings. He reiterated that the proposal was for the gully cleansing service to be halted for two years and to move to a risk-based approach. There had been significant investment into gully cleaning and highways repairs in recent years and this enabled useful data collection to inform the frequency of gully cleaning. The proposed approach would look at the resilient and key route networks, city and district centres and areas prone to flooding and identify the best way forward for the next two years. Reactive gully cleaning machines would still be in operation to quickly respond to key areas.

Assurances were provided that cycle lanes would continue to be cleaned as part of regular and scheduled inspections.

In response to a question around the Neighbourhood Liaison Officer post, it was acknowledged that the approach to communication and engagement with neighbourhoods required improvement and there was a proposal to work closely with Neighbourhoods teams to facilitate this.

The Head of Network Management commended the work of Highways Inspectors and assured members that utilities companies are held to account for any damage they cause to highways. They are required to rectify any damage and are fined if they do not comply. Highways worked closely with Planning Officers and developers to ensure the use of suitable materials in and improvements to and maintenance of surrounding areas of new developments. The Committee was reminded that a report on Highways would be considered at the meeting in January and would provide further information on this.

The Head of Network Management explained that increased fee income from design and project management work related to fees which are charged to internal projects for the design of improvement schemes. A benchmarking exercise had been undertaken and officers proposed a small uplift in fees in line with what other local authorities and private sector organisations charged. The Committee was informed that another benchmarking exercise had been undertaken around fees charged to developers and an increase was proposed for when developers want the Council to adopt roads or undertake highways improvements to junctions.

In response to the Chair’s question around the impact of the proposal to delete a vacant post in the Highways Maintenance Team, the Head of Network Management stated that this would have only a small impact around the timing of works. Officers were confident that the service would remain able to respond to issues in line with the code of practice and that safety would not diminish.

Decision:

That the report be noted.

ESC/22/46 Overview Report

The Committee considered a report of the Governance and Scrutiny Support Unit which provided details of key decisions within the Committee's remit, the work programme, responses to previous decisions and the Economy Dashboard.

Decision:

That the Committee note the report.