

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 10 October 2019

Present:

Councillor H Priest (Chair) – in the Chair

Councillors Green, Hacking, Johns, Raikes, Shilton Godwin and Stanton

Also present:

Councillor Leese, Leader

Councillor Stogia, Executive Member for Environment, Planning and Transport

Apologies: Councillor Abdullatif, Douglas, Noor and K Simcock

ESC/19/42 Minutes

The minutes of the meeting held on 5 September 2018 were submitted for approval.

The Chair requested that in relation to Minute ESC/19/38 (Delivering Manchester's Affordable Homes to 2025), the following was added into the recommendations monitor:-

That the Committee be provided with a briefing note on the number of social rented properties built through onsite section 106 contributions

Decision

To approve the minutes of the meeting held on the 5 September 2019 as a correct record.

ESC/19/43 The Growth Company's business support activity in Manchester

The Committee considered a report of the Group Chief Executive of the Growth Company, which provided an update on the Growth Company Business Growth Hub's delivery to support businesses across Manchester and provided detailed information on start-up provision, as well as information on Manchester's business demography, particularly in terms of business survival rates.

The main points and themes referred to in the report included:-

- The GC Business Growth Hub's vision was to create a thriving and productive economy by unlocking and accelerating the growth potential of businesses across the whole of Greater Manchester;
- Since its establishment in 2011, the Hub had engaged with over 48,000 businesses, provided intensive support to 11,000 businesses and had helped to create in the region of 10,000 jobs;
- Since 2012 the Hub had supported over 1,000 individuals to start a business, facilitated over £200m in funding offers, had an GVA impact of £55m and reduced carbon emissions by 1.6m tonnes;

- Examples of the business support services available to help businesses with growth potential find the support they needed;
- Work that had been undertaken in raising the awareness of self-employment and business start up to people who may not traditionally consider this as an economic option as well as supporting businesses in the 0 to 3-year trading window; and
- Details of Manchester Start-up and Business Survival Rates since 2012.

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

- What impact were the jobs being created through the Growth Hub having on Manchester residents, with specific reference to reducing the gap between well paid jobs and jobs that were low paid and also for residents who faced multiple challenges with entering meaningful employment;
- What work was being undertaken in relation to embedding the low carbon workstream across employment sectors;
- Could more granular information in relation to the jobs that were being created be provided, such as the sustainability of sectors that these jobs were being created in;
- How were the measures of inclusive growth being addressed;
- Taking into account the slight underperformance of Manchester's survival rates for new businesses, was the Growth Hub focussing on the right type of businesses to support in terms of start-up;
- What was the impact to Manchester's economy and Manchester residents of the lower than average survival rate of businesses in terms of employment opportunities;
- How were the Growth Hubs resources of support being used to help businesses create resilience and sustainability and was this support getting to the sectors that needed it most;
- There was concern in relation to the impact to existing businesses by the creation of new business start-ups;
- How did the Growth Company respond to business failures;
- Was there a potential conflict for the Growth Hub between its universal offer to all businesses and its focus on particular growth sectors;
- Were any business sectors not engaging with the Growth Hub; and
- What was the governance structure of the Growth Hub.

The Head of Strategic Relationships for the Growth Company advised that Appendix 1 of the report provided detail of locations of all businesses which had created jobs and where the beneficiary of those jobs resided. The Leader commented that one aspect of the work of the GM Good Employment Charter aimed to address the narrowing of the gap in pay between high paid positions and those positions in the high employment/low productivity sector. The Charter would also look to address security in the workplace, address the payment of the real living wage as a minimum standard and good management/working practices. It was reported that a supporter network had been launched in July and since then 150 employers had engaged with the employment charter. The Group Chief Executive for the Growth Company added that through the work of the Growth Hub, the majority of the jobs being created in Manchester were going to Manchester residents and the Growth Company was now

starting to obtain more granular data on where people resided, who had secured employment with businesses who had engaged with the Growth Hub and would be able to provide this level of data to Committee in future reports. A commitment was given to provide granular level data around start-up businesses to Committee Members

In terms of measuring inclusive growth, it was reported that in all interactions of Growth Hub Advisors with businesses, a series of questions were asked which looked at a range of inclusive growth indicators and it was through this process that the Growth Hub started to promote discussion and debate with employers around the real living wage, secure work and giving something back to the community.

The Head of Strategic Relationships for the Growth Company advised that there were a number of streams of activity in terms of the green agenda taking place, as well as the traditional resource efficiency work to help reduce the carbon footprints of businesses. They also supported eco innovation in terms of the design of products and packaging by businesses and also had a sector specific support programme to support the green sector.

The Leader advised that the more entrepreneurial the City was, the more likely there would be business failures, however, rather than this being viewed as a negative, the Council and its partners should promote the entrepreneurial nature of the City. He also added that a fundamental cornerstone of the Growth Company was to support those businesses that had the potential to grow.

The Group Chief Executive for the Growth Company commented that in terms of failure rates of new start-ups, when compared to London, the number of new businesses that did not survive should not be viewed as a concern if viewed in isolation. He added that it was difficult to know precisely which businesses were going to grow and as such it was challenging to know who required support. It was noted that the Growth Company had some restrictions in terms of who it was able to work with due to certain funding schemes limiting it in terms of which sectors and size of businesses it could engage with.

The Leader advised the Committee that the Growth Company was owned solely by the Combined Authority (CA). The Board was comprised of an Independent Chair, five representatives appointed by the CA and a further five representatives appointed by the Local Enterprise Partnership (LEP), two of which were nominees of Greater Manchester Chamber of Commerce and Industry. The Growth Company's Business Plan was subject to approval by the CA and it reported regularly to the CA and the LEP. In terms of funding, the Growth Company received European funding which was matched by the CA and it also received funding through government contracts. All contracts that the Growth Company bid for that were over £5,000,000 required approval by a Sub Group of the Board and there also needed to be some form of benefit to Greater Manchester in order to gain approval.

In terms of support offered to business failures, it was reported that traditionally the Growth Company had responded as and when required and more recently it had worked with other business representative organisations, Job Centre Plus and the

Combined Authority, around a more structure intelligence gathering process of what business might be at risk.

It was also explained that with the Growth Company being able to offer universal and targeted support, it allowed the ability to offer an initial service to everyone, whilst reserving its more intense resource for achieving the broader policy objectives, which were focussed on improving growth and inclusion.

The Head of Strategic Relationships for the Growth Company advised that he could provide the Committee with information relating to the take up of the Growth Company's services at a Ward level.

Decision

The Committee:-

- (1) Notes the report
- (2) Requests that the Committee is provided with a breakdown of the take up of the Growth Company's services at a Ward level; and
- (3) Agrees to add the following items to its Work Programme:-
 - Report on the skills gap in the hospitality sector
 - Report on Business survival rates and the impact on the economy

ESC/19/44 Inward Investment - update on the work of MIDAS

The Committee considered a report of the Group Chief Executive of the Growth Company, which provided an update on the work of MIDAS in attracting inward investment to the city, including details of performance over the last two years and MIDAS' forward strategy.

The main points and themes within the report included:-

- The work of MIDAS, which included:-
 - Driving the promotion of Greater Manchester (GM) as a business location;
 - Attracting new investment in to Greater Manchester – both Corporate and Capital;
 - Providing aftercare services to recent investors; and
 - Account management of the significant Foreign Direct Investment (FDI) and UK businesses in Greater Manchester;
- An overview of Inward Investment trends at a UK, GM and Manchester level;
- Key drivers for FDI, which in terms of GM, the most common driver behind GM's successes was talent, followed by strength of the GM economy;
- An outline of initiatives and work areas developed by MIDAs to counter-act uncertainty and a decreasing level of global investment, which included:-
 - The MIDAS Partnership;
 - An enhanced Account Management Programme; and
 - A more focused Business Development Strategy;
- Details of two sector specific high potential opportunity inward investment propositions within Advanced Materials and Sustainable Packaging;

- Support offered to Enterprise Zones (Airport City and The Corridor); and
- The economic impact to Manchester and Greater Manchester as a result of the work of MIDAS

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

- What work took place in terms of making sure jobs created were sustainable should an investor exit the market;
- Was there any specific reason why the number of jobs created within the Life Sciences sector had fallen as this was a sector of growth that underpinned part of the Local Industrial Strategy;
- What long term benefits did technology companies bring to the conurbation;
- A more detail explanation was sought in reference to the quality of leads coming through DIT;
- To what extent did Officers think that Brexit would have on the attractiveness of FDI in Manchester;
- It was queried as to whether the increase in property prices was considered a positive sign given that this increase often outstripped wage growth;
- How were the deciding factors in successful FDI projects determined;
- What were the incentives for attracting businesses to locate to Manchester;
- What benefit would the NextGen campaign bring to the city and why was it hoped that this campaign would identify the next Facebook or Google, given the criticisms these organisations had faced in relation to their conduct; and
- What was the next main area that MIDAS would be concentrating on that the Committee needed to be mindful.

The Leader advised that attracting technology companies to the city was a positive thing as they provided good employment, good training and good salaries. He commented that the extent to which some of the very large tech companies appeared to avoid their national taxation requirements was a failure of central government to resolve, and was not a reason for Manchester to forego employment opportunities that these companies provided. In terms of the potential impact of Brexit, it was acknowledged that there had undoubtedly been some business leads that had been lost due to the threat of Brexit. What was impossible to determine was the extent to which businesses would be impacted by the uncertainty of operating in the UK post Brexit. He added that wage growth made it more attractive for individuals to relocate to the area and stay in Manchester but acknowledged that there were positives and negatives to be taken from the increase in property values.

The Group Chief Executive of the Growth Company reported that the integration of companies and their operation into Manchester, Greater Manchester and the wider economy was a key role of MIDAS in helping ensure their sustainability.

In terms of the quality of leads coming through DIT it was reported that the relationship worked well when DIT understood what Greater Manchester had to offer and there was room for improvement in improving their understanding, especially in terms of overseas posts as to what Greater Manchester could offer. As such, MIDAS could not be reliant in the DIT for the generation of leads and opportunities for Manchester. As for the reduction in the Life Science sector, this could be attributed to the potential impact of Brexit and although there was a reduction, Manchester still attracted quarter of all jobs created in this sector in 2018/19.

The Group Chief Executive of the Growth Company advised that in terms of incentives, it was a combination of factors, but in the main, the most influential factor for businesses was having access to a talented, diverse pool of potential employees in and around Manchester. In terms of the NextGen campaign, it was important to distinguish between having large numbers of high quality jobs that could exist in the type of businesses that the campaign aimed to attract and the conduct of the owners of these types of businesses. The inference was that the campaign was looking for high quality, large scale businesses which could deliver growth and inward investment. It was also noted that there were a number of indigenous companies from within Greater Manchester that were very successful in the e-commerce sector. Furthermore, the Group Chief Executive of the Growth Company advised that one of the next key areas of focus for MIDAS would be the outcome of Brexit and also what was happening in the global economy in terms of growth.

Decision

The Committee notes the report

ESC/19/45 Visitor Economy Activity

The Committee considered a report of the Group Chief Executive of the Growth Company, which provided an overview of Marketing Manchester's role in developing the City's visitor economy.

The main points and themes within the report included:-

- The strategic context for Marketing Manchester's activities;
- An overview of tourism sector performance in Manchester with UK comparisons;
- A review of Marketing Manchester's activity delivered in 2018/19; and
- Future opportunities and challenges

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

- How would the new Tourism Strategy for 2020 – 2030 look to reduce carbon emissions within the tourism industry and how would it look to make the tourism industry resilient to the changes that climate change mitigation would bring;
- What was being done to promote areas of the city, outside of the city centre, to encourage visitors to stay longer;
- Was the current tourism performance due to any specific symptoms or were they part of a wider trend, with reference to hotel occupancy levels and business visits/events;
- Was there a need to be concerned that hotel occupancy levels, although high, appeared to be stagnant;
- Was there any specific reasons why the average spend per day and average night stay from international leisure from China was so high; and
- What progress had been made with the proposed visitor levy.

The Leader advised that in terms of hotel levels, Manchester had had the fastest increase in hotel rooms over any city for a considerable period of time and the fact that it was having no impact on the percentage of rooms let was remarkable. He advised that a more telling comparison would be to compare the yield per room as this was what drove the industry, and when compared to other cities, what visitors paid for a hotel room in Manchester was much higher. In terms of conferences in the city, this was a more complicated area, as at times it was difficult to attract certain conferences, however, Manchester Central Convention Centre (MCCC) was having to turn business away as it did not have the capacity.

In terms of the tourism industry becoming resilient to the changes that climate change mitigation would bring, the Leader informed the Committee that the assumption that there would be a reduction in the number of flights into and out of Manchester Airport would reduce as a result of mitigation was not true, and the real challenge for the aviation industry in addressing climate change was how it made aviation a cleaner mode of transport.

Officers advised that the new Tourism Strategy would be subject to a nine month consultation period, which would start at the Growth Company's Tourism Conference and as part of this, it would include how the strategy took on board the priorities and thinking of the Council in terms of addressing climate change and the goal of being a carbon neutral city. In terms of tourism zones, it was acknowledged that there were opportunities to widen the tourism offer beyond the core of the city centre and the expansion of the Metrolink would assist this. In relation to the spend and stay of international leisure from China, it was reported that this was remarkable and had had a real impact on the city's economy. In part this was as a result of direct flights from Manchester Airport to Beijing, China.

The Committee was advised that in terms of the visitor levy, the Growth Company had started to have conversations with the hotel industry to foster ideas of the creation of a Business Improvement district for accommodation to drive more demand for tourism in Manchester and so far there had been a positive response from those engaged.

Decision

The Committee:-

- (1) Notes the report; and
- (2) Requests that the leisure visitor survey is circulated to Committee Members for information

ESC/19/46 Revised City Centre Transport Strategy

The Committee considered a report of the Strategic Director (Development and Growth), which informed Members of proposals for a revised City Centre Transport Strategy (CCTS), aligned to the Greater Manchester Transport Strategy 2040. The report outlined the key principles and proposals suggested for inclusion within the revised strategy and recommended that an engagement and co-design exercise was undertaken with stakeholders to further develop the strategy.

Officers referred to the main points and themes within the report, which included:-

- The revised CCTS would build on the response to last year's City Centre Transport Strategy Conversation, and would look to address the key issues raised;
- Officers had taken the main messages from the conversation to develop a future vision and set of objectives for the future city centre transport system, which could contribute to making the city more liveable as it grew and evolved with cleaner air, improved public transport, and an attractive and safe environment to walk around and cycle;
- The central aim was to set an ambitious goal for 90% of all trips to the city centre to be made on foot, by cycle or using public transport by 2040 in the morning peak;
- The revised CCTS would look to deliver the vision by delivering an integrated, inclusive and sustainable transport network with increased connectivity and capacity, which met growth in travel demand for getting into the city centre and improve the quality, environment and legibility of the city centre streets to ensure it was a great place to spend time in and move around;
- Outline of the proposals and types of interventions that would form part of the baseline for developing the updated strategy; and
- Subject to Members' agreement, it was proposed that an engagement and co-design exercise with key stakeholders was held on the ambitions and ideas to start in November 2019, with the responses being used as a basis for refining the proposals in line with those issues important to people using the city centre, and to support future growth.

The report was also scheduled to be consider by the Executive at its meeting on 16 October 2019.

The Committee invited Councillor Davies, Ward Member for Deansgate, to contribute to the discussion on the proposals.

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

- It would be of utmost importance that city centre residents' voices were heard as part of the proposed engagement exercise;
- It would also be important to ensure that connected strategies/schemes were developed and progressed in tandem;
- As part of the ambition of the revised strategy, consideration should be given to the use of new technologies for moving around the city;
- Clarification was sought as to what the geographical definition was of the city centre;
- A Member felt it was unclear as to what the actual ambition was for improving cycling and walking across the city centre as these modes of transport often conflicted with one another;
- With an aim of the Strategy being to reduce the volume of cars within the city centre, there was concern about the future impact of parking on the periphery of the city centre and it was suggested that any future car parking facilities on the periphery of the city centre could be underground;

- Whilst the proposed timetable for engagement was welcomed, there was concern that this may delay some important decisions in regards to the City Centre that were needed to be taken now;
- Clarification was sought as to what the new strategic plan for the city centre was, as city centre Members had not been informed;
- Whilst the roll out of the Metrolink had been welcomed in wards outside of the city centre, there was an issue of there being enough capacity for users and there was concern that if this was not addressed, users would revert back to using private transport; and
- Had there been any progress around the future of platforms 15 and 16 at Piccadilly Station and the Castlefield corridor.

The Leader acknowledged the point in relation to issue of compatibility and Conflicts of interests between certain modes of transport in the city centre and this would be one of the challenges that the Strategy would need to resolve. He added that any further car park provision on the periphery of the city centre would not be underground due to the financial cost of providing this type of parking and instead would more likely be multi-storey, which could be provided in an effective way through good design and multi-use.

He advised that for the purposes of the CCTS, the geographical definition of the city centre was considered to be all of the area within the inner relief road, encompassing those parts of Salford too. There was also a definition of a regional centre, which stretched out to parts of Salford Quays and parts of Trafford, which had concentration of economic activity, however this was not within the scope of the CCTS. The relationship between the city centre and immediately surrounding areas was acknowledged.

The Executive Member for Highways, Planning and Transport agreed that city centre residents' opinions would be critical to the consultation as they would have an intimate knowledge of what it was like to travel in and around the city on a 24-hour day, 7 days a week basis. She also agreed that it would be important to embrace and integrate new technologies when considering various ways and modes of transportation into and across the city as well as parking.

Head of Local Planning and Infrastructure/City Policy commented that one of the largest challenges the strategy would try and address was how the capacity on public transport could be increased over the next few years. The Deputy Head of the City Centre Regeneration advised that the current strategic plan for the city centre ran from 2015 to 2018 and the Council was at a point where this need to be revised and refreshed. Work was ongoing with this and once a draft of the new plan was ready, city centre Ward Members would be consulted.

The Leader advised that the future of Platforms 15 and 16 at Piccadilly Station was still with Government Ministers. The Council and its transport partners continued to have dialogue with Network Rail and the Government through the Piccadilly Partnership Board. What was clear was that the franchises that had been let to Northern Rail and Trans Pennine could not be delivered without increasing capacity. In terms of the Metrolink, he advised that new trams were on order and on the Bury to Altrincham line there would be a move to all double trams at peak time.

Discussions had taken place with TfGM around running more frequent services, however, when the new Trafford Park line opened, the tram network within the city centre would be operating at maximum capacity and the only way to increase this would be the creation of a new line which would need to be underground as and there was no capacity for a further surface line within the city centre.

Decision

The Committee endorses the recommendations to the Executive as detailed below with the proposed additional wording (highlighted in bold)

The Executive is recommended to:-

- (i) Note the intention to produce a revised City Centre Transport Strategy;
- (ii) Consider the key principles and proposals that should be covered in the revised strategy, **specifically those relating to clean air and zero carbon aspirations for the city and the need to find an appropriate balance of the needs between pedestrians, cyclists and public transport;**
- (iii) Agree that the Council undertake an engagement and co-design exercise with key stakeholders in the city centre and surrounding wards in order to further develop the strategy with support from Transport for Greater Manchester (TfGM) and Salford City Council;
- (iv) Delegate authority to the Head of Local Planning and Infrastructure to finalise the terms of the engagement exercise with the Leader of the Council and Executive Member for Environment, Planning and Transport, **following consultation with City Centre Ward Members on city centre resident engagement;** and
- (v) Agree that a report is brought back to a future meeting of the Executive on the outcomes of the engagement exercise and the content of the revised draft City Centre Transport Strategy.

ESC/19/47 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

Decision

The Committee

- (1) Notes the report; and
- (2) Agrees the Work Programme as submitted with the inclusion of the a report on the skills gap in the hospitality sector and a report on business survival rates and the impact on the economy, both of which are to be scheduled.