

Economy Scrutiny Committee

Minutes of the meeting held on Thursday, 9 January 2020

Present:

Councillor H Priest (Chair) – in the Chair

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

Also present:

Councillor Leese, Leader

Councillor Rahman, Executive Member for Culture, Leisure and Skill

Apologies: Councillors Abdullatif, Douglas, Johns and K Simcock

ESC/20/1 Minutes

Decision

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

ESC/20/2 The Council's Updated Financial Strategy and Budget reports 2020/21

The Committee considered a report of the Chief Executive and the Deputy Chief Executive and City Treasurer, which provided an update on the Council's overall financial position and set out the next steps in the budget process. In doing so, the report outlined Officer proposals for how the Council could deliver a balanced budget for 2020/21.

In conjunction to the above, the Committee also received and considered the draft Council Business Plan for 2020/21 and the Growth and Development medium term financial plan (MTFP) and budget proposals for 2020/21.

Officers highlighted that the 2020/21 budget would be a one year roll over budget. It would reflect the fact the Council had declared a climate emergency and would also continue to reflect the priorities identified in the previous three-year budget strategy.

Taken together, the reports and the MTFP illustrated how the directorate would work to deliver the Our Corporate Plan and progress towards the vision set out in the Our Manchester Strategy.

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

- An explanation was sought as to of the difference between the Growth and Development Directorate's gross budget of £57.6m and net budget of £8.179m;
- Were the base budget figures within the Growth and Development budget based on the original budget proposed at the start of the financial year or revised figures;

- Clarification was sought if any further investment was planned past 2020/21 for highways maintenance;
- What assessment had been undertaken in balancing the risk in increasing the service charge relating to New Smithfield Market and ensuring there was not a reduction in market traders;
- Could further information be provided in relation to equalities and diversity within the Business Plans, with specific reference to a commitment to diversity at senior levels;
- Had any consideration been given to other alternative KPI's for markets other than the income generated for the Council, such as the local economic impact;
- As part of the proposed 2020/21 budget, what investment, if any, was proposed within the Council's estate to reflect the actions needed to comply with climate emergency the Council declared in July 2019;
- Clarification was sought as to whether the additional funding resource for Lloyd Street public conveniences for 2020/21 had been secured;
- What was the timescale for the proposed improvements to Whythenshawe markets.

The Head of Finance for Corporate Services, Neighbourhoods and Growth and Development explained that the gross budget figures included all expenditure items such as staffing, premises and operating costs, whereas the net budget figures was the what was left of the gross budget once it had been offset by any income, grants or other external contributions. In terms of the budget figures, he advised that the figures were based on the latest figures, which had been adjusted in year to reflect known changes in inflation.

The Strategic Director (Growth and Development) commented that there was provision within the 2020/21 capital programme for highway improvements and as part of the forward capital strategy, further commitments into highways would be reviewed and explored, which would include looking at opportunities for funding from national government and within the Greater Manchester region to secure investment into the Council's highways estate.

The Director of Commercial and Operations advised that the service charge to markets was set by the Royal Institute of Chartered Surveyors which the Council could not control. What was within the Council's control in relation to markets was the rental charge charged to traders. The rental level was set at a level which was hoped to achieve the budget target. Specifically in relation to New Smithfield Market, it was explained that the site was very challenging as it required a significant level of investment to bring it up to the Council's desired standard and this was an ongoing project, looking at potential options for capital investment which would start to reduce the service charge.

In terms of the comments raised around equality and diversity, Officers advised that this would be reflected in the next suite of budget papers at the February cycle of scrutiny meetings.

The Head of Finance for Corporate Services, Neighbourhoods and Growth and Development confirmed that £155,000 had been allocated in the 2020/21 budget to fund the ongoing costs of Lloyd Street public toilets.

The Director of Commercial and Operations advised that in relation to the local economic impact of the district markets, an study had been undertaken and the results had been received recently. A headline finding from the study was that local district markets had a positive economic impact in the areas that they were located. Effectively this was reflect in the budget as there was still a proposed subsidy for Wythenshawe market and there was income generated from the other district markets. There were no proposals to change the operation of the markets and proposals were being considered in relation to future investment within the district markets to make them more vibrant and generate more activity.

The Strategic Director (Growth and Development) confirmed that there was clear plans within the Council's capital strategy to address zero carbon targets across the Council's operation estate. He also commented that within the Zero Carbon Action Plan, which would be considered by the Executive, there would be a need to look at some of the bigger challenges within the Council's estate, such as the HRA owned estate and the council's fleet of vehicles.

The Committee was informed that it was intended to consult on proposals for Wythenshawe Market with Ward Councillors and Executive Members over the first quarter of 2020, which would then be formally considered by the Executive in the start of the new Municipal Year.

Decision

The Committee:-

- (1) Recommends that their comments be submitted for consideration by the Executive at their meeting on 15 January 2020, specifically the comments made around benefits that district markets bring to local communities and economies.
- (2) Requests that in the suite of budget papers to be considered at its next meet, reference to Housing and Residential Growth is included.

ESC/20/3 The City's Future Economy and Labour Market Requirements

The Committee considered a report of the Head of Work and Skills, which provided information on the city's current labour market using the data and intelligence that was currently available, providing an overview of skills demand and supply. The report set out some of the work in which the Council and its partners were connecting residents to opportunities arising from the city's growth, as well as ensuring businesses had access to the skills they needed to grow.

The Head of Work and Skills referred to the main points and themes within the report, which included:-

- A number of external factors (ranging from global, to national and local) were impacting on UK economies and more specifically Manchester's economy, which was resulting in industry skills needs moving and changing faster than the skills sector;

- An overview of Manchester's current labour market and employment by broad industry;
- Areas of anticipated future growth and demand that would drive the city's growth and productivity;
- The need for a highly skilled workforce which would be fundamental to Manchester's economic growth;
- A talent pipeline needed to be developed to enable employers to grow their own talent from within the city to meet their future growth ambitions
- An overview of Manchester residents' performance within Further, Higher and Adult Education provision;
- Employers in key-growth sectors were increasingly recognising the need to work in partnership with training providers to develop higher-level roles for their industries aligned to apprenticeship standards, which were lacking in some sectors;
- The Apprenticeship Levy had brought major change to the apprenticeship market and whilst it was introduced to increase take-up, the trend nationally has been a continued decline; and
- How the Council was responding to the skills challenges through the Our Manchester Industrial Strategy and the Work and Skills Strategy 2016/20.

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

- As there was not a direct match between the sectors identified as unique and an asset to the region and the sectors that had been identified as key growth sectors, it was queried as to where the Council should prioritise for skills and investment - the unique sectors where fewer Manchester residents worked or the foundational economy;
- Should greater consideration be given to a more broader base of skills provision, such as digital skills;
- How were employment opportunities within the foundation economy being taken into consideration as there was concern that these were not being taken into account as areas of employment that were of worthwhile employment;
- There was concern that with the hollowing out of the intermediary economy, there would not be enough opportunities within those sectors identified as unique and an asset to the city, for those employed within the foundation economy who had aspirations of working in higher level knowledge based employment;
- It was highlighted that the Government's Apprenticeship Strategy had been an abject failure and many people had been let down by this scheme, as such was the Council lobbying for something less unwieldy to the current Apprenticeship Levy;
- There was concern around the language used in connection to the foundation economy and the negative connotations this often brought about;
- It needed to be acknowledged that there was value to be added in many jobs associated with the foundation economy, and there also needed to acknowledge that some people wanted to work and progress within the areas that were considered to be in the foundation economy such as retail, hospitality and social care; and

- Had any analysis been undertaken on the effect of the increase in the national living wage might have on the viability of some sub sectors of the foundation economy.

The Head of Work and Skills advised that the work of the Council focussed on getting people into good quality, sustainable employment and the Adult Education and Skills Plan would look at how the Council could create better opportunities for Manchester residents to secure employment within such sectors. She then referred Member to examples of this within the report, citing the opportunities that would be brought about by the Factory Project and also work to date at Airport City.

In terms of the foundation economy and high end economy, it was commented that these could not be separated as the foundation economy was the bedrock that supported other economies. The Local Industrial Strategy would aim to look at utilising the levers available to make a real difference within the foundation economy, such as the provision of the real living wage, investment in skill development by employers and working with the anchor institutions within the city were contributing and providing opportunities for Manchester residents. The Head of Work and Skills acknowledged the difficulties in moving from the foundation economy to the higher level skills economy due to the hollowing out of the intermediary economy and provided examples of steps being taken to try and address this.

The Head of Work and Skills advised that in terms of the Apprenticeship Levy, there had been a number of asks of Government at a Greater Manchester level but there was no appetite from Government to change the current arrangements at present. The Executive Member for Culture, Leisure and Skills acknowledged that the current apprenticeship scheme was not working effectively and agreed to lobby government for a change to the scheme.

The Head of Work and Skills commented that there had been research undertaken on the national living wage and the real living wage in terms of impact on individuals and families in terms of family income, but was not aware of any research on the impact at a sector/sub sector level. She agreed to investigate this and report back to the Committee.

Decision

The Committee notes the report.

ESC/20/4 The City's Future Economy and Labour Market Requirements - CEIAG and Skills for Life

The Committee considered a report of the Head of Work and Skills, which highlighted the significant positive transformation Careers education, information, advice and guidance (CEIAG) had undergone over the last four years and provided an update on the developments, including and update on Skills for Life and how this was contributing towards preparing young people for future labour markets.

The Head of Work and Skills referred to the main points and themes in the report, which included:-

- The national context for schools and colleges to secure independent careers guidance for all registered pupils at the school/college in years 8 to 3 on the full range of education and training options, including apprenticeships;
- An overview of the Greater Manchester context and activity, including the prioradvisities of the Greater Manchester Careers and Participation Strategy;
- The role and purpose of Enterprise Advisor Networks to work strategically with school leadership teams to guide and influence the development and implementation of an effective careers programme;
- The work carried out by the GM Careers Hub and the CEIAG Network;
- How the Council supported the most disadvantaged linking in with the work around transition and prevention of NEET;
- The role of the Council's Work and Skills Team in supporting employer's engagement with schools and colleges to maximise the opportunities for young people; and
- An update on Skills for Life (formally known as Curriculum for Life) in raising the profile of the transferable skills required by all employers so that children and young people understood the importance and relevance, especially in emerging sectors and changing labour market.

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

- It was suggested that it would be useful to compare how Manchester performed in encouraging quality provision of careers programmes with other core cities across the country;
- It was queried that in the inevitability of a future recession, would the Council be able to request funding from Government to continue to provide CEIAG in Manchester
- It was requested for more information on which schools were engaged with Inspiring IAG;
- It was highlighted that by sharing quantative and qualitative information on young people's learning goals and career ambitions between schools and Further Education (FE) providers would enable a smoother transition and maximise the support that could be offered;
- With the removal the Careers Service in 2012, it was questioned as to how comprehensive was the support and careers guidance now offered to young people;
- It was commented that due to the high number of SME's within the city, it was difficult for young people to get a sense of the kind of work required within these businesses, as it was likely to be more diverse, which often required a different level of mental agility;
- What was the evidence that showed that schools and colleges engaged with a Career Hub and the Enterprise Advisor Network provided a more effective CEIAG;

The Director of Education advised that the Gatsby Benchmark was a national benchmark and was not just associated to Manchester. As such, it had provided an assurance that there was a standardised approach to what a universal careers programme should be in schools. In terms of Manchester schools, they were doing

well in making progress towards meeting all benchmarks by September 2020. It was agreed that information on the 29 schools engaged with Inspiring IAG to Members following the meeting

In terms of transition from high school to post 16 education, she acknowledged the comments made around the sharing of quantitative and qualitative information and advised that this was an area that was already being looked at, with a pilot having taken place over the summer which involved information on young people transitioning being shared between schools and post 16 providers on those young people who were at risk of becoming Not in Education, Employment and Training (NEET). Work was also taking place with the secondary school sector on what interventions could be put in place to help prevent young people from becoming a risk of being NEET. There had also been a pilot with Manchester College in sharing Maths GCSE exam scripts where a young person had not passed their GCSE in Year 11, in order to identify specifically where they had not passed so that a tailored package of support could be offered.

The Committee was advised that following the removal of the Careers Service, the Council had retained a commissioned service that worked with schools and specifically ensured that targeted and vulnerable young people had a post 16 destination.

The Head of Work and Skills commented that there was now much greater ownership by schools of what they were providing in terms of careers advice services compared to when this was a city wide provision. It was also commented that the Council now provided up to date labour market information to the careers networks (pre and post 16) and industry experts were brought in to speak to the careers leads to dispel some of the myths around what the barriers to opportunities might be in their sectors.

The Executive Member for Culture, Leisure and Skills commented that there was an opportunity to bring together careers advice service provision in schools together in a much more coherent way. He acknowledged the need to put early interventions in place to support the transition of young people from both primary to secondary and also secondary to post 16 education and also that there was a need to improve the interface between businesses and schools.

Decision

The Committee:-

- (1) Notes the report and progress made to date.
- (2) Requests that any information presented to the Children and Young Peoples Scrutiny Committee around Skills for Life is shared with this committee for information.
- (3) Proposes to hold a follow up meeting with Young People, to be tentatively scheduled to take place between the February and March 2020 Committee meetings.

ESC/20/5 Delivering the Our Manchester Strategy- Update from the Executive Member for Housing and Regeneration

This item was deferred to the Committee's meeting on 5 March 2020.

ESC/20/6 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;
- (2) Agrees the Work Programme as submitted