

## **Economy Scrutiny Committee**

### **Minutes of the meeting held on Thursday, 6 February 2020**

**Present:** Councillor H Priest (Chair) – in the Chair

**Councillors:** Abdullatif, Hacking, Johns, Noor, Raikes, Shilton Godwin and Stanton

**Apologies:** Councillor Green and K Simcock

**Also present:** Councillors: Leese and Richards

#### **ESC/19/7 Minutes**

##### **Decision**

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

#### **ESC/19/8 Minutes of the District Centres Sub Group**

##### **Decision**

To receive the minutes of the meeting held on the 28 November 2019 as a correct record.

#### **ESC/19/9 The Council's Updated Financial Strategy and Budget reports 2020/21**

Further to Minute ESC/20/02, the Committee considered a report of the Deputy Chief Executive and City Treasurer which provided a further update on the Council's financial position and set out the next steps in the budget process.

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

The Committee was invited to consider and make recommendations on the budget proposals which were within the remit of the Committee prior to their submission to the Executive on 12 February 2020.

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

- Members welcomed that additional investment in district markets had been allocated within the updated budget proposals;
- There was a lack of information within the budget proposals around equality, diversity and inclusion and an assurance was sought that this would be an area of focus; and
- Further information was asked for in relation to the additional income stream that the installation of solar panels on Northwards properties generated for the Council.

The Strategic Director (Growth and Development) clarified that as part of the suite of reports that were being submitted to the Executive, there would be a separate report analysing the Equality Impact Assessment of the 2020/21 budget across the whole Council

The Executive Member for Housing and Regeneration advised that further work was being done to look at Northwards housing in terms of zero carbon ambitions and part of this was around energy supply into the properties and the energy usage. Due to the success of the previous installation of the solar panels, this would be considered more broadly across the Council's housing stock. She added however, that in addressing zero carbon with, initial assessments for the retrofitting of Northwards properties would cost in excess of £200m to carry out the works. She advised that further work would need to be undertaken to understand how this cost could be absorbed but commented that fundamentally a commitment had been made to look at the retrofitting of this housing stock.

The Leader advised that in terms of non-council housing stock, in the first instance making it zero carbon or reducing carbon emissions would have a cost rather than an income. He advised that this was highlighted in the Manchester Climate Change Update report which was going to the Executive on 12 February and had also been considered at Neighbourhoods and Environment Scrutiny Committee on Wednesday 5 February.

### **Decision**

The Committee recommends that their comments be submitted for consideration by the Executive at their meeting on 12 February 2020

### **ESC/19/10 Delivering the Our Manchester Strategy - Update from the Leader**

The Committee considered the report of the Leader of the Council, which provided an overview of work undertaken and progress towards the delivery of the Council's priorities, as set out in the Our Manchester strategy, for those areas within his portfolio.

The Chair invited Dr Marc Hudson from Climate Emergency Manchester to speak. He welcomed that the Council had declared a climate emergency and outlined the role of his organisation, highlighting that they set up a petition to establish a seventh scrutiny committee to specifically look at addressing climate change and a call for the Council to examine other sources of funding, including the use of strategic reserves. He commented that having submitted a Freedom of Information request, it had been highlighted that there had been limited speeches on climate change to Manchester residents from the Leader, Executive Member for Environment, Planning and Transport or the Chief Executive since the Council had passed the Climate Emergency motion in July 2019, and urged that more attention was given to this by local politicians and senior council officials.

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

- Was there any further anticipated funding from government to mitigate the impact of Brexit in Manchester;
- Was there any serious prospect of an alternative construction for HS2 to accelerate the construction between Birmingham and Manchester;
- Was there any update on the future of Trans Pennine Express rail service;
- Was there any update on the alternative proposals for Piccadilly train station, given that neither of the two current options were future proof;
- Connected to the above, was there any further update on the future of, Platforms 15 and 16 at Piccadilly Station
- Further information was requested on the multi-agency approach to improving the work and life prospects of the 25% of 50 – 67 year olds in receipt of out-of-work benefits;
- Was there any indication of what the Shared Prosperity Fund would look like and where possible shortfalls in funding might be with lack of access to European funding streams; and
- Was there any update on the approval of the Greater Manchester Industrial Strategy by the newly formed Government.

The Leader advised that at the present moment, it was not expected that government would provide any further funding to Manchester to mitigate the impact of Brexit. In terms of the construction of HS2 between Birmingham and Manchester, GM was proposing an alternative timetable, adding that Government had already indicated that they wanted to accelerate the timetable of the construction of Northern Powerhouse Rail by 2035. In relation to Trans Pennine Express (TPE) rail service, they were the 5<sup>th</sup> worst performing rail franchise in the country and the likelihood in the short term was that they would likely need to reduce the number of services operating due to the failure to undertake work at Manchester Oxford Road and Piccadilly Station. TPE attended and were held to account at the GM Mayors Transport Board which met quarterly and the work to improve the performance of TPE was considered at each meeting.

The Committee was advised that in relation to HS2 and the future of Piccadilly station, work had been commissioned to look at the exiting proposals for the station which had resulted in an alternative option being put forward to deliver a solution that would suitable accommodate both HS2 and Northern Powerhouse Rail (NPR) – a single station, consisting of six platform pointing towards Leeds as opposed Stockport. This alternative had attracted government's interest and a peer review was currently being undertaken. This in turn meant that should the new proposal be successful, all existing HS2 and NPR plans that had been considered through Scrutiny and the Executive would need to be remodelled. In terms of platforms 15 and 16, The Combined Authority was preparing a GM Infrastructure Plan which would cover a wide remit and encompass a review of the Castlefield corridor as well as the future of platforms 15 and 16 at Piccadilly station.

The work with over 50's was effectively taking the working well approach and increasing the number of people put through this approach and although the ambition was to get as many people of working age into work, it was also about improving peoples quality of life.

It was anticipated that announcement around the Shared Prosperity Fund would be made around the time of the budget, bearing mind European Regional Development Funding was still being applied for. Clearly what Manchester was asking for was that the quantum should be equivalent to what was previously received through European funding plus match funding and continued to be devolved.

Furthermore, in relation to the GM Industrial Strategy, the Leader reported that it was anticipated that the newly formed Government would continue to support the GM Industrial Strategy.

## **Decision**

The Committee notes the report.

### **ESC/19/11 Delivering the Our Manchester Strategy - Update from the Executive Member for Housing and Regeneration**

The Committee considered the report of the Executive Member for Housing and Regeneration, which provided an overview of work undertaken and progress towards the delivery of the Council's priorities, as set out in the Our Manchester strategy, for those areas within her portfolio.

The Chair invited Dr Marc Hudson from Climate Emergency Manchester to speak. He welcomed the fact that Northwards Housing had achieved Platinum level for Carbon Literacy amongst their staff and that One Manchester had converted a block of maisonettes to meet the PassivHaus standard as well as deliver new build PassivHaus homes. He commented that it would be good to know when conversations around winning hearts and minds would become Council policy.

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

- More information was requested on the role of Manchester Housing Providers Partnership and how this information could be shared with all Councillors;
- What were the number of affordable homes that had already been built;
- How many illegal evictions had been addressed;
- More information was requested on the work being done to tackle short term lettings;
- Could an update be provided on the Landlord licensing pilot;
- There was concern around the number of HMO's issued with hazard letters and the enforcement notices served for serious disrepair;
- What was the time scale for the drop in session in connection to Project 500; and
- Had the initial stages of the Northwards Housing review commenced.

The Executive Member for Housing and Regeneration advised that the feedback from the first meeting of the Manchester Housing Providers Partnership had been positive and useful. Going forward it was planned that these meetings would take place on a quarterly basis and will take a steer from Members in terms of theming these meetings in order to address some of the persistent issues that Members are facing in their wards. In terms of the work associated with Winning Hearts and

Minds, this was conversations taking place with the Council's social landlords and was centred around delivering a consistent message around individual responsibilities associated to climate change and the small changes that individuals could make to make a difference.

The Committee was advised that land and resources for over 50% of the Council's affordable housing target had been identified and consultation with Ward Members would be undertaken in regards to specific sites.

The Executive Member for Housing and Regeneration reported that there had been success in relation to the work around addressing section 21 evictions and the work of the compliance and enforcement team, which had focussed around improving standards of accommodation for residents. In terms of short term lets, a task group had been brought together from across the Council to manage the neighbourhood impact of such let, however, it was commented that a steer from Government was really required, akin to Scotland, in order to provide the powers necessary in Manchester to address the problems associated with such types of lettings.

The Committee was also advised that in terms of Landlord licensing, it was the Executive member's ambition to extend this scheme beyond the current four pilots to an additional four areas. Feedback so far from the pilots has been positive, highlighting that by having a very targeted approach, there was the ability to make a real impact on areas where standards were lowest and presented the most challenges.

It was reported that the HMO licencing scheme was in the process of scaling up and it was anticipated that the impact of this would result in more enforcement action being taken against properties that did not meet the necessary standards.

Furthermore, the Committee was advised that Project 500 drop in sessions had been agreed for the end of February and the Northwards Housing review was in the process of being concluded, which would be reported back to a future meeting.

## **Decision**

The Committee notes the update.

## **ESC/19/12 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

## **ESC/19/13 Northern Gateway Strategic Business Plan**

The Committee considered a report of the Strategic Director – Growth and Development, which provided a high level summary of the Strategic Business Plan in the Northern Gateway Joint Venture. The report also provided an update on the current position with regards to the Housing Infrastructure Fund bid submitted to Government by the Council and the proposed approach to ancillary infrastructure funding and delivery arrangements.

The Leader referred to the key points and themes within the report included:-

- It was a requirement of the Northern Gateway Joint Venture Agreement for the Development Manager (FEC) to produce a Masterplan and a Strategic Business Plan, incorporating a Financial Model, for the approval by Northern Gateway Operation Limited (OpCo) and by the respective Shareholders of OpCo (FEC and the Council);
- The purpose of the Strategic Business Plan was to set the strategic context for the Northern Gateway, based upon an overarching Financial Model and to set the parameters for the subsequent Development Area Business Plans;
- The Strategic Business Plan would be updated annually to ensure that it took account of any changes in national and local policy, market sentiment or wider economic implications and was to be used as a mechanism to monitor the progress of delivery of the Northern Gateway;
- The Plan was very ambitious, providing 15,000 homes, of which, at least 3000 would be affordable housing and also a significant amount would be social housing; and
- Overall the Plan would equate to over a quarter of the housing development expected for the city as detailed in the outline Greater Manchester Spatial Framework.

Councillor Karney, Ward Member for Harpurhey addressed the Committee, welcoming the proposals for major housing intervention, including an additional 130 new council homes in the Collyhurst area. He added that it was important that the Council was able to provide affordable homes within the schemes that were within the Strategic Business Plan which were in reach of Manchester residents who wanted to remain in the areas that they had grown up in.

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

- Members welcomed the proposals within the Strategic Business Plan, including the provision of new homes for people who were already living in the area;
- Had any work been done to scope out the wider social benefit that would be brought about by the proposals within the Strategic Business Plan;
- Assurance was sought that the delivery of infrastructure works, including flood mitigation in the Lower Irk Valley as indicated within the report would not displace any flood water to other parts of the city;
- More information was requested on the proposals to expedite the move to a zero carbon economy including zero carbon development;
- Clarification was again sought on what the definition of affordable housing was;

- Was the tonnage of carbon emissions this Plan was likely to produce known so that plans could be made to mitigate this;
- Consideration needed to be given to how the Strategic Business Plan might impact on existing communities and how these communities could be included throughout the process of development in order to avoid issues that had occurred in other regeneration schemes across the city.

The Leader advised that a lot of engagement with residents within the area that the Strategic Business Plan covered had already taken place, so it was not anticipated that the proposals would come as a shock or a surprise to them. He added that there would only be a relatively small amount of intervention in existing housing stock and that residents whose existing home would be affected by the scheme in Collyhurst would have the benefit of seeing their new homes built before their existing home was demolished. In terms of the definition of affordability, the Leader clarified that this would be what Manchester residents could afford and as set out in the Manchester Labour Manifesto, this would equate to be no more than 30% of a household's total gross monthly income.

The Committee was advised that in relation to the wider social benefits, specifically healthier neighbourhoods, the strategic business case for a new general hospital at the North Manchester General Hospital site had been submitted and an outline business case was proposed for November 2020, with the start of development expected for 2021. He advised that this would underpin a lot of work to achieve the objectives of the Manchester Population Health Plan and Manchester Work and Skills Strategy across the whole of North Manchester, not just the Northern Gateway scheme.

In terms of achieving zero carbon, the Leader explained that this was a real challenge to the whole of the construction industry supply chain, the main challenge at present being the cost in using new materials and providing a more localised energy supply balanced against the ability to deliver the outcomes of the Strategic Business Plan.

The Head of Residential Growth also advised the Committee of the works proposed to mitigate future flood risks within the area covered by the Strategic Business Plan.

## **Decisions**

The Committee:-

- (1) Notes the report;
- (2) Endorses the recommendations to the Executive, these being:-
  - (1) To note the summarised content of the Strategic Business Plan, the detail of which is appended to the Part B report on this agenda.
  - (2) To note the intention of the Development Manager to appoint a Registered Provider partner to assist with the delivery of affordable housing on JV land within the Red Bank and New Town neighbourhoods to help meet the commitment of providing 20% affordable housing within the initiative.

- (3) To note that the Northern Gateway is currently characterised by large tracts of vacant and underutilised brownfield land and that for development of any scale to be delivered, significant “place-making” infrastructure interventions will be required and consequently a strategic approach towards leveraging investment from a range of sources will be necessary, including the capture of S106 developer contributions for the purposes of place-making infrastructure.
- (4) To note the intention to explore options for the preparation of a costed “placemaking” infrastructure strategy for the Northern Gateway against which Section 106 developer contributions can be sought. Note that any such strategy would be brought before Executive as part of a full consultation exercise.
- (5) To note the current situation with regard to the funding submission of £51.6m to the Government’s Housing Infrastructure Fund and the significant potential impact of this funding on the overall viability of the initiative.
- (6) To agree to the principle of ring-fencing Capital Receipts or overage generated from the disposal of Council-owned land through the Northern Gateway Joint Venture for re-investment into supporting the delivery of the Northern Gateway SRF objectives.
- (7) To note the significant contribution that the Northern Gateway initiative can make to the City’s affordable housing delivery ambitions and the various means available to the Council such as the Housing Affordability Fund through which investment can be leveraged to deliver affordable housing at scale within this area.
- (8) To note the summary of the intended content for the production of the initial Development Area Business Plan which will focus on the delivery of up to 1,000 homes in the neighbourhoods of New Cross, Red Bank and Collyhurst and delegate authority to the Chief Executive in consultation with the Leader, Deputy Leader and the Executive Member for Finance and HR to approve the full initial Development Area Business Plan.
- (9) To note that, subject to a positive announcement from Government relating to the Housing Infrastructure Fund, a further report will be brought before Executive regarding the specific terms and conditions applicable in advance of any decision to enter into a Funding Agreement.
- (10) To note that a Social Value strategy will be developed specifically for the Northern Gateway given the value of contracts/works to be carried out and the anticipated duration of the Joint Venture Partnership.

## **ESC/19/14 Exclusion of Press and Public**

### **Decision**

To exclude the public during consideration of the following items which involved consideration of exempt information relating to the financial or business affairs of particular persons and public interest in maintaining the exemption outweighs the public interest in disclosing the information

## **ESC/19/15 Northern Gateway Strategic Business Plan (Press Excluded)**

The Committee considered a report of the Strategic Director – Growth and Development, which set out the Northern Gateway Strategic Business Plan as prepared by the Development Manager, FEC, on behalf of the Northern Gateway Operations Limited (OpCo) joint venture company.

The report also provided detail on the scale of FEC investment to date and the level of further investment required.

The Committee asked questions to which the Leader and Officers responded.

The report would also be considered by the Executive at its meeting on 12 February 2010.

### **Decision**

The Committee endorses the recommendations to the Executive as set out in the report, those being

- (1) To approve the Strategic Business Plan on behalf of the City Council as one of the two Shareholders in the Northern Gateway Joint Venture.
- (2) Note the financial commitments made to date by the Development Manager, FEC, since the signing of the Joint Venture legal agreements in April 2017.