

**At a meeting of the ECONOMIC PROSPERITY SCRUTINY COMMITTEE held remotely on TUESDAY 1<sup>st</sup> DECEMBER, 2020 at 4.30 p.m.**

**Present:-**

Councillor D. Turner in the Chair

Councillors Blackburn, Blackett, M. Dixon, Fagan, Foster, Jackson, Jenkins, Marshall and Thornton

Also in attendance:-

Mr Jim Diamond, Scrutiny Officer, Sunderland City Council  
Mr Paul Wood, Principal Governance Services Officer, Sunderland City Council  
Ms Sharon Appleby, Head of Business Operations, Sunderland BID  
Ms Natasha McDonough, Chair of the Chamber of Commerce in Sunderland  
Mr Jonathan Walker, Policy Director, North East Chamber of Commerce

The Chairman welcomed everyone to the meeting and introductions were made.

**Apologies for Absence**

There were no apologies for absence

**Minutes of the Last Ordinary Meeting of the Scrutiny Committee held on 3<sup>rd</sup> November 2020**

A copy of the minutes of the last ordinary meeting of the Scrutiny Committee held on 3<sup>rd</sup> November, 2020 was submitted.

(For copy report – see original minutes).

1. RESOLVED that the minutes of the last ordinary meeting of the Scrutiny Committee held on 3<sup>rd</sup> November, 2020 (copy circulated), be confirmed and signed as a correct record

**Declarations of Interest (including Whipping Declarations)**

There were no declarations of interest made.

**Business Improvement District (BID) Annual Update**

The Scrutiny and Members Support Co-ordinator submitted a report (copy circulated) to provide the Committee with a progress report on the work of the Sunderland Business Improvement District (BID).

(For copy report – see original minutes)

Ms Sharon Appleby, Head of Business Operations presented the report along with a PowerPoint presentation and was on hand to answer Members queries.

Councillor Blackett commented that he understood the Sunderland BID was funded by a 1.5% rateable value of the buildings of the business in the City Centre area and enquired, as it was such a difficult time financially for businesses at the moment, what sort of leeway did the BID allow for this and if there were any plans to reduce that charge as a temporary measure.

Ms Appleby advised that there were no plans to discount the levy charge at the moment as with their regulations they were not allowed to do so, because they would have to go to a reallocation ballot, which they were not able to.

Ms Appleby also wished to say that the businesses were getting tremendous value for money because the team had worked absolutely tirelessly all the way through the current circumstances. They had collected well over 60% of the levy anyway with several months still to go and they were working very hard with businesses on payment plans and give opportunities to pay.

In response to Councillor Taylors query over the current COVID situation and if businesses were keeping up with their rental payments, Ms Appleby advised that the National businesses were not particularly paying their rents, some refusing point blank to pay. However it was the independent businesses, seen through the local agents, the majority of these were paying their rent and trying really hard. Clearly the longer this situation goes on, the harder that becomes but overall within the City Centre, people had been paying their rent.

Councillor Taylor enquired what steps the Local Authority were taking to ensure that people did actually pay these rents. Ms Appleby advised that it wouldn't be the Local Authority's responsibility unless it was a local authority run building and there were safeguards in place for tenants around rent. There is some comfort in that landlords are working well with their tenants to come to some sort of conclusion.

Councillor Taylor commented that a great deal of people were now switching to online shopping and we now see these huge distribution centres being built on the outskirts of major towns and cities. The National Companies seemed to have started doing this but on a smaller scale diverting stock from national distribution centres to individual stores and Councillor Taylor enquired if any companies had done this within Sunderland so that staff were still being employed there but only dealing with online orders.

Ms Appleby advised that click and collect had taken off more this time around than last time with certain national and also independent retailers because it kept the communication with their customers going all the time. Retailers such as JD Sports, the Entertainer and Lush for example had all done this successfully.

In terms of retailers diverting orders from national distribution centres and sending out more locally, Debenhams have done this and people such as Aphrodite have a warehouse within the City Centre as do Designer Children's ware who were fulfilling orders globally.

Councillor M. Dixon enquired how it worked in terms allocating funding to Sunderland BID and if they met every year to discuss the amount and if this had remained the same for a while. Did the work they were required to do need more resource.

Ms Appleby advised that there was a five year term with the BID and at the very beginning of each term they would set out the operating agreement with the Council who were their collection agent. Letters and invoices go out from the Council and the BID has an agreement where the Council will pay them 80% of the projected levy for that 12 month period which was based on the rateable value of the building. This was paid evenly within the first 9 months of the year, they then generally collect 95% of the levy over the 12 months so it was balanced in the final quarter.

Ms Appleby informed that what they had done due to the current situation, they had budgeted on 65% collection, and had been able to deliver what they have, within budget, where they have already gained in additional resource has been through the reopening the high street safely fund and have been able to work with the Council on a number of initiatives going through that.

Councillor M. Dixon commented that it was obvious there was a close working relationship with the Council which was good. Councillor Dixon also enquired if the BID had reflected on their remit and if they felt it was wide enough or if they felt there were any areas they would like to cover that they currently weren't.

Ms Appleby commented that when they had the initial plan and the initial five years they had six priorities and what they tried to do was to be all things to all people and that was never going to work. The business plan was narrowed down so they could do a few things but do these very well and that has been achieved. The current situation had highlighted on the need for resource to engage with businesses on a personal level on a much more regular basis. This was crucial in moving forward and would be one thing that would continue.

Ms Appleby also commented that she would like to see some business engagement in the local areas as the BID only represents and is paid for by the City Centre businesses but actually there was really a need for the local businesses in the local areas to have a very good level of support. This took resource and capacity in terms of people, whilst the Business Improvement Team do an excellent job with that she felt there was still a need for more support.

Councillor M. Dixon enquired what the BID felt had been their greatest success over the last 12 months. Ms Appleby commented that the work done by the whole team over engaging with businesses was something she was very proud of, so an overall team effort rather than one specific initiative. There had been good engagement before but this had become even better now with the businesses and this had to continue.

Councillor M. Dixon informed that he had asked a question at the last meeting with regards to the Sunderland Partnership Board and why Sunderland BID was not on this and queried if they would like to be part of or was this a different remit to what they do. Ms Appleby commented that she did feel this was a different remit and she could attend so many different Boards for instance but she needed to go to those that would add real value to those that paid their wages, which was the businesses

in the City Centre and she felt there were other people better placed to be on the Partnership Board than her.

The Chairman enquired how they go about getting the young people involved and their views about the city. Ms Appleby advised that they work with the College and University really closely so they engage with young people in a number of different initiatives on a fairly regular basis and then on some of the other groups that they sit on such as the Vibrant City Board for example, there were people who represented the Young People's groups so they would encourage and ask for feedback in those forums.

In response to the Chairman's query over getting involved with the secondary schools, Ms Appleby advised that only Hudson Road school was within the BID boundaries so they wouldn't normally do that but the Chairman was absolutely correct that young people were the future so they did need to be engaged with and it was whether the BID engaged directly or others do so that they come in and enjoy what's happening within the City Centre or help us shape what happens in the Centre.

The Chairman queried what Ms Appleby felt the long term effect on the High Street would be from people using online shopping and how we could respond to that going forward. Ms Appleby commented that the investment in Riverside Sunderland was a real game changer for the city. We had been lagging behind for such a long time now that she felt this type of investment would be key. By encouraging more of the independents to come into the City Centre, more people living and working there did encourage more businesses to come and set up within the area.

The breaking news about Debenhams and Arcadia meant we probably wouldn't replace with like for like and we needed to be flexible to use those spaces in different ways and not just leave them empty. In terms of Sunderland's recovery in terms of COVID, Sunderland had returned to pre COVID levels of footfall very quickly and if used as a benchmark and then add in all other investment that is happening we were really raising the bar in Sunderland significantly and with that this will bring new opportunities.

Having fully considered the report, the Chairman thanked Ms Appleby for her attendance

2. RESOLVED that the Committee received the report and considered the progress of Sunderland BID

### **Chamber of Commerce - Update**

The Scrutiny and Members Support Co-ordinator submitted a report (copy circulated) to provide the Committee with a report from the Chamber of Commerce on the economic opportunities and challenges facing the city in the years ahead.

(For copy report – see original minutes)

Ms Natasha McDonogh, Chair of the Chamber of Commerce in Sunderland and Mr Jonathan Walker, Policy Director, North East Chamber of Commerce presented the report and were on hand to answer Members queries.

Councillor M. Dixon queried how business friendly Sunderland was in comparison with other cities within the North East region. We heard of a lot of activity within the Tees Valley and such like but were we lagging behind or ahead of these other areas.

Mr Walker advised that it was a very difficult question to answer and he thought Sunderland very clearly had its strengths with South Tyneside and the automotive sectors, this was the obvious place for those businesses to go. There were other sectors such as Software being the obvious one where there was some great businesses within the Software Centre.

Mr Walker acknowledged that there was always more that could be done to improve the reputations of places within the North East and they have to challenge misconceptions or prejudices about our cities whilst acknowledging issues.

One area where there was clearly a gap in the region, was around devolution, the Tees Valley has garnered a lot of attention and headlines with a very active and high profile mayor. The North of Tyne was starting to get up to speed with this now and starting to see the combined authority and mayor there starting to have more influence. Discussions were taking place over increased devolution and this was where he could see a real opportunity for Sunderland.

Ms McDonough commented that the awareness within the business community around Sunderland was improving and conversations she had outside of Sunderland in relation to Riverside Developments for example were being noticed. We needed to have more jewels in the crown so the likes of the City Centre itself which now had Hays Travel, Ocado and Tombola, which were big national names we were gaining more of a reputation where people were wanting to travel work in the City Centre and potentially relocate to live and work in Sunderland.

Councillor M. Dixon enquired if there was anything more that could be done to encourage the SME's or if this was already happening specifically in Sunderland. Ms McDonough advised that there was quite a lot going on at present with the opening up of different office space and providing different kinds of virtual environments for people to come and start their businesses. From a professional services, the more larger organisations you have setting up in the City Centre the more likely you are to have a professional, creative and digital offer surrounding them also.

Ms Appleby commented that Sunderland had a really good route through now from pop up to start up to then expanding and moving into fit for purpose premises and as redevelopment happens, hopefully grow again. Before we hadn't seen the quality of accommodation that's required for businesses to do that and she did think that's starting to emerge with the likes of Mackie's Corner and opportunity around Blandford Street and Park Lane areas. There was also the Riverside Sunderland development where people can potentially start up and grow and grow.

Mr Walker commented on the importance of diversity of business space which was being explored, especially if there was a decline in demand for retail space then what other spaces could there be and there were some great examples across the country such as workshop spaces where you get more types of craft, artisan businesses who produce their items right within the heart of a City Centre. There are places within Sunderland and across the area where that could potentially be considered and how

we supported those people making products at an early stage, possibly within their homes and support them into moving into a business space.

Councillor M. Dixon enquired as to how confident the Chamber was that Members had managed to adhere to the COVID guidelines both for customers and their employees. Mr Walker informed that he did not have any data on this but he could say with a very high degree of confidence that the overwhelmingly majority of businesses that he spoke and interacted with have not only followed the guidance but in most cases gone above and beyond what was required of them because their primary interest was to keep their staff and customers safe.

Mr Walker advised that of course there may be a small number of exceptions but it was also worth noting that in the early days the guidance given by Government had not been as clear as it could have been so we had to acknowledge the constantly changing landscape that business had been working in.

Councillor M. Dixon referred to the business rates and that it seemed to be a ponderous procedure through the valuation office and enquired if they were still looking at businesses on a one to one basis or were they able to do more of a broad-brushed assessment of an area or city, when there were applications coming in for business rates reductions or were we using the same procedures we've always had.

Mr Walker commented that he couldn't advise if they were able to change their processes but his understanding was that it was still on a case by case basis but Chambers right across the country had been lobbying for a fundamental reform of the business rate system for many years now and he thought the system was incredibly outdated with the system not reflecting a whole host of things such as the split between online and physical sales. It was probably something they could raise with the VOA but it was not something he could answer in more depth.

Councillor M. Dixon commented that it may be that under the current circumstances they could be pushed a bit harder to show some flexibility when they are looking at applications but this might be something for further down the line with National Government,

The Chairman commented that we often hear about a shortage of skills and enquired what area of our economy and what particular skills we had shortages of. Mr Walker advised that the perennial issues were around engineering and manufacturing and there had been a lot of investment in such things as apprenticeships which had started to close those gaps but of course these things take a long time to start and feed through to the sector.

Mr Walker commented that he tried not to use the language of skills shortages and more of skills opportunities because these would usually underpin the growth sectors. In a Sunderland context, something like Software and the more they could do to get young people skilled at coding and digital skills would result in businesses coming and growing. The work and opportunity to grow was there and Sunderland needed to get a bigger slice of that.

Mr Walker advised of a recent development on a piece of work they were doing which was almost fundamental digital skills for everybody, especially in current times where the use of Zoom and Microsoft Teams was so common. One of the concerns

they had was if this current environment were to stay and people were looking for employment opportunities or training and they weren't digitally knowledgeable or skilled then they could be at a significant competitive disadvantage to gaining that type of work which was reliant on home working etc. So there was work to do on tackling this, certainly within the more disadvantaged communities across the North East.

Ms McDonough referred to coding and if we could get more people interested in that, but this was also the case for older people or those who have lost their jobs there was definitely an opportunity to upskill or reskill people into new areas. This was definitely a need across the region and the United Kingdom.

Having fully considered the report, the Chairman thanked Ms McDonough and Mr Walker for their attendance.

3. RESOLVED that the report be received and noted.

### **Annual Work Programme 2020-21**

The Scrutiny and Members Support Co-ordinator submitted a report (copy circulated), to provide options, provide support and advise Members on the development of the scrutiny work programmes for 2020/2021

(For copy report – see original minutes).

Mr Jim Diamond, Scrutiny Officer presented the report for Members information

In response to an enquiry from Councillor Blackburn, Mr Diamond advised that he would make investigations into which officer would be providing the Environmental Services Update Report

4. RESOLVED that the information contained in the work programme for 2020-2021 be noted.

### **Notice of Key Decisions**

The Scrutiny and Members Support Co-ordinator submitted a report providing Members with an opportunity to consider the items on the Executive's Notice of Key Decisions for the 28-day period from 9 November, 2020 (copies circulated).

(For copy report and notice – see original minutes).

Mr Jim Diamond, Scrutiny Officer reminded Members to contact him if they required further information on any of the items included in the notice.

5. RESOLVED that the Notice of Key Decisions be received and noted.

The Chairman thanked Members and Officers for their attendance and closed the meeting.

(Signed) D. TURNER,  
Chairman.