

At an Extraordinary meeting of the SHADOW ECONOMIC PROSPERITY SCRUTINY COMMITTEE held in the BOARD ROOM, SUNDERLAND SOFTWARE CENTRE, TAVISTOCK PLACE, SUNDERLAND on TUESDAY 21ST APRIL, 2016 at 5.30 p.m.

Present:-

Councillor David Snowdon in the Chair

Councillors Beck, Davison, M. Dixon, Elliott, G. Galbraith, I. Galbraith, E. Gibson, Marshall, Porthouse, Price, and Wood.

Also in attendance:-

Councillor Norma. Wright, Chairman Scrutiny Committee
Councillor Dianne Snowdon, Vice Chairman Scrutiny Committee

Mr Richard Moon, Senior Development Executive, Coventry City Council
Mr Jim Diamond, Scrutiny Officer, Sunderland City Council
Mr Andrew Perkin, Lead Policy Officer for Economy and Sustainability, Sunderland City Council
Mr David Noon, Principal Governance Services Officer, Sunderland City Council

Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Blackburn, Forbes, Lauchlan, Scaplehorn, Taylor, B. Turton and M. Turton.

Declarations of Interest (including Whipping Declarations)

There were no declarations of interest made.

Policy Review Into Key Cities Group

The Head of Scrutiny and Area Arrangements submitted a report (copy circulated), which set out the background to the attendance of Mr Richard Moon, Senior Development Executive at Coventry City Council as part of the Committee's review into the Key Cities Group of Local Authorities.

(For copy report – see original minutes).

Cllr David Snowdon welcomed everyone to the meeting and explained that its purpose was to find out more about the work of the Key Cities Group of local authorities and the approach being taken by Coventry City Council to economic regeneration.

Mr Moon provided members with a comprehensive powerpoint presentation

explaining that he would focus on two particular areas of the work of the Key Cities Group.

- Formation, aims and objectives
- approach of Coventry to city centre development

He suggested that members should feel free to chip in with any questions as he went along rather than wait to the end of the presentation.

Members were advised that the Key Cities Group was founded in 2013 with five founding members including Sunderland and Coventry. The number of members had now risen to 26. The Group was chaired by Councillor Paul Watson from Sunderland Council (Sunderland also acted as the Lead Authority in terms of secretarial and policy support). Members comprised a wide variety of mid-sized cities. However they shared a wide range of common concerns.

The work of the Key Cities Group has focused on four priorities which were being delivered by sub groups:-

- Innovative Finance – lead city Peterborough
- Skills and Employability – lead city York
- Devolution – lead city Wakefield
- Future of the city centre – lead city Coventry

Mr Moon advised that the Key Cities Group faced four major challenges:-

- Access to funding – Combined Authority
- Influencing the Devolution Debate
- Sharing best practice with peers
- Promoting greater influence at a national level

In response to an enquiry from Councillor David Snowdon in respect of access to funding, Mr Moon advised that Coventry City Council considered that the Combined Authority would bring access to funding streams that would not otherwise be available and that failure to join could effectively worsen the economic situation in the city. In particular it was anticipated that the Combined Authority would allow access to greater borrowing and capital resources. In the case of Coventry this could bring access to £150m for 2 major schemes regeneration schemes in the city centre.

Mr Moon emphasised the important role of the Key Cities Group in lobbying central government and seeking to influence their thinking. In this regard Councillor Marshall asked whether any feedback had been received from Government Ministers as to the success of this lobbying? Mr Moon replied that while experience had shown that the views of local authorities were not always given due weight by governments of any political hue, it was important that every effort should still be made to influence government thinking. He felt that the Group could help to provide a voice and influence for mid-sized local authorities such as Coventry and Sunderland

Another area where Mr Moon felt that lobbying was vital, centred on government plans to allow local authorities to retain all locally raised business rates and phase out the distribution of the core grant. While supporting the importance of local authorities encouraging business growth in their area, it was felt that the proposed changes could have a catastrophic effect on areas such as Sunderland and

Coventry that have depended on funding from the Rate Support Grant. Mr Moon felt that the Key Cities Group, together with organisations such as CIPFA, had an increasingly important role in highlighting to government the potential financial and social consequences.

With regard to Coventry's approach to City Centre development Mr Moon advised that the City Council was the Key Cities Group lead authority on the future of the city centre. However, he stressed that there was no magic formula for successful regeneration and that the key was to learn from the experiences of others while tailoring action to the particular circumstances and needs of an area.

As far as Coventry was concerned the city centre had been badly damaged during World War II and that the standard of reconstruction and subsequent redevelopments had left a number of problems. The city centre was unattractive, public realm required improvement, the retail offer was not great and there was little vibrancy to the night time economy. The central areas contained little in the way of professional/financial employment with office space being largely located outside the city centre. This in turn had had a knock on effect on the health of the retail sector.

Under new political leadership, the city had embarked on an ambitious strategy for growth based on:-

- Improving housing numbers and mix
- Higher quality jobs in the city centre
- Improving the retail offer
- Becoming more business friendly
- Expanding the business rate
- Working closely with the University

In response to an enquiry from Councillor Davidson, Mr Moon advised that the Council owned no social housing having undertaken a stock transfer over a decade ago. Councillor M. Dixon asked if the transfer had been successful. Mr Moon confirmed that it had been and major improvements had been made to the condition of social housing in the City.

In response to a further enquiry from Councillor M. Dixon, Mr Moon advised that the Company had built a few homes for sale but had generally concentrated on its core business of social housing. With regard to an enquiry from Councillor I. Galbraith, Mr Moon confirmed that concerns existed over the effect of the extension of the right to buy to social housing and the disincentive effect it would have on any growth in social housing building.

In terms of housing, Mr Moon noted that 70% of housing was located in the lower Council Tax band. (A/B). The city also experienced a sharp demographic divide; with a more affluent area located in the south of the city and a less affluent area to the north. This created a very visible and stark reflection of social and economic inequality within the city.

The City was felt to suffer from an insufficient amount of higher value housing and as a result had difficulties retaining and attracting people with a higher level of disposable income. The Council was therefore keen to increase the amount of house building in the city, particularly at the higher end of the market with 42,000 new homes planned

by 2031. It was anticipated that this growth in housing would generate a welcome income revenue stream for the city and contribute to a growth in retail demand and vibrancy within the city centre.

A major priority for Coventry Council was to attract more and better quality employment opportunities to the city centre. Central to this was the Friargate development which would involve the redesign of a large part of the city centre and include a new Council complex located near Coventry railway station. The development would include office space, two hotels, new homes, retail space and restaurants. Plans for the 37 acre site could create 7,800 construction jobs over the next 15 years and 13,400 office jobs. New infrastructure work should also help link the area around the railway station to the city centre and thereby help to regenerate the city centre as a whole.

The Council would play a vital role in promoting and facilitating development by providing substantial financial support and relocating its offices to the site. This relocation would also involve the sale of existing Council office buildings to the University which would be used as part of their planned expansion and redevelopment. Around £30m of ERDF/RGF has also been secured to support transport infrastructure.

Mr Moon considered that without this support from the Council it was unlikely that the development would have been viable. Inevitably such an ambitious project brought with it an element of risk to the Council in terms of its financial commitment.

However, the Friargate development was seen as very much a long term project and necessary given the considerable challenges facing the city. The decision to build a new Civic Centre in the city centre had not been without public and press criticism but the Council had tried to emphasise the long term advantages involved including the savings to be made on running costs and the economic stimulus it would provide to the city centre.

In response to a query from the Chairman regarding the use of local labour clauses in Coventry, Mr Moon noted that they had been used but that there were a number of legal difficulties associated with them. The Council preferred to use persuasion and encouragement rather than legal enforcement in order to ensure that the local workforce was given access to the employment created through the regeneration of the city centre.

As well as the Friargate development there were a number of other initiatives designed to improve the retail offer in the city. These included a revamp of the Cathedral Lanes shopping centre and the redevelopment of Broadgate which had traditionally been the heart of the city centre. Improvements had also been made to the public realm and the new square in Broadgate was kept vibrant with regular events. Again, the Council was standing behind the schemes financially. This was seen as essential to stem the flow of spending that had leaked out of the city in recent years. Hopefully, this would result in bigger high street names locating in the city centre and an improvement in the vibrancy of both the day time and nighttime economy.

In response to an enquiry from Councillor Price, Mr Moon informed members that Coventry has two Universities located in the city; Coventry University in the city centre and Warwickshire University which is on the southern outskirts. Both were seen as vital to the city in terms of building up the local skills base and attracting in

people and investment. The University were working closely with local businesses to develop the engineering courses vital for the growth of the advanced manufacturing sector. This included working with Jaguar Land Rover which remains a major employer in the city.

Councillor M. Dixon commented that the population of Sunderland had recently started to decline and asked what the position was in Coventry. Mr Moon advised that the population of Coventry was growing. That was a constant drift to the suburbs but this had been more than made up for by an influx of migrants from eastern Europe.

In conclusion, members referred to the considerable similarities between Coventry and Sunderland in terms of the economic challenges they faced and the way in which they are responding to those challenges. It was felt that the session had provided an opportunity for each to learn from the experience of the other and that it was important to ensure that the dialogue between the two authorities continued into the future. Mr Moon advised that he would be more than happy to host a visit of a delegation from Sunderland to Coventry.

The Chairman having thanked Mr Moon for his presentation, it was:-

2. RESOLVED that the report and presentation be received and noted.

The Chairman then closed the meeting having thanked everyone for their attendance and contributions to the meeting.

(Signed) DAVID SNOWDON,
Chairman.