

SHEFFIELD CITY COUNCIL

Economic and Environmental Wellbeing Scrutiny and Policy Development Committee

Meeting held 25 January 2017

PRESENT: Councillors Steve Wilson (Chair), Ian Auckland (Deputy Chair), Penny Baker, Lisa Banes, Neale Gibson, Dianne Hurst, Talib Hussain, Abdul Khayum, Helen Mirfin-Boukouris, Ben Miskell, Robert Murphy, Andy Nash, Chris Peace and Martin Smith

.....

1. APOLOGIES FOR ABSENCE

1.1 An apology for absence was received from Councillor Paul Wood.

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. IMPLICATIONS FOR SHEFFIELD ON THE DECISION TO LEAVE THE EUROPEAN UNION

4.1 The Committee received a report of the Director of Policy, Performance and Communications on the implications for Sheffield of the vote to leave the European Union (EU). The report was supported by a presentation by Chris Lowry, Policy and Improvement Officer.

4.2 Also in attendance for this item were Laurie Brennan (Policy and Improvement Manager) and Richard Wright, Executive Director, and Tom Sutton, Corporate Partnerships Manager (Sheffield Chamber of Commerce and Industry).

4.3 Chris Lowry provided an analysis of the EU referendum, which had been held on 23rd June 2016, including statistical information in terms of how people voted in countries in the United Kingdom (UK), and the Core Cities, as well as in Sheffield City Region and other City regions. He reported on a number of suggested reasons as to why the UK had voted to leave the EU, based on information held by a number of policy think tanks, including the Resolution Foundation, and referred to the correlation between employment rates and education levels and how people had voted. Mr Lowry reported on the impact of the vote on the national policy agenda and on the potential implications for Sheffield. He concluded by referring to the Government's next steps and the Prime Minister's goals and what she had confirmed in terms of moving forward.

- 4.4 Richard Wright stressed that there was a considerable level of uncertainty within businesses as to the implications of the vote for Sheffield, as well as for the UK. He considered that, from a business point of view, the decision would provide a number of opportunities in terms of new trade deals and growth, as well as a number of potential threats. He stressed that there was a need for a positive deal in terms of the Customs Union, as if this was not the case, this could have an adverse effect on the UK economy, with a knock-on effect in Sheffield.
- 4.5 Mr Wright further considered that the independence of the UK's legal system was very important, and the decision had provided an opportunity for the UK to build on its regulatory framework. He referred to the predictions of the Office of National Statistics (ONS) which had not actually predicted a contraction of the UK's economy, but had indicated that the economy would possibly not grow as much as it would if we had stayed in the EU. Taxations and Customs were two main areas on which the Chamber of Commerce was currently in discussion with the Government. In terms of specifics regarding Sheffield, Mr Wright stated that, at the present time, Sheffield did not export enough, but tended more to supply companies that exported the goods. As the City was not productive enough, it did not create sufficient wealth and, to some extent, this was independent of whether or not we were in the EU. He believed that Sheffield needed a balanced and diverse business sector (including education and social enterprise), but could deliver growth in three key areas – manufacturing, health care and digital sector. He stressed that growth of Gross Domestic Product alone should not be the only objective. Growth may mean that the UK was losing money, so it had to be profitable growth that created wealth, which then needed to be distributed properly. He stated that pensions were under enormous strain at the moment, particularly final salary schemes, due to changes after the referendum, with major changes having been made, or planned, in terms of several pension schemes.
- 4.6 With regard to the issue of migration, Mr Wright believed that the country had confused the free movement of people with the free movement of skills, with the latter obviously bringing advantages. He concluded by stating that the biggest problem for the business sector at the moment was the obvious uncertainty as to what the future would bring following the negotiation.
- 4.7 Members of the Committee raised questions and the following responses were provided:-
- Although there was some good work in some areas, in terms of Sheffield competing with the international market, Mr Wright had concerns with regard to the competitiveness of the construction and professional services sectors when the UK had left the EU. The professional services sector was already too small when compared with the other Core Cities. The City needed to focus on selling knowledge, as well as goods, and by doing this, as well as focusing on the positive aspects of its economy, there could be some positive outcomes.
 - Although the UK would no longer be subject to the high number of EU regulations, there would still be a level of regulatory frameworks. Whilst it

was not clear at this stage, some people believed that there would be a relaxation in the level of regulations, which could possibly bring more flexibility in some areas. It should be understood, however, that compliance to European standards for many products was required to sell into Europe and how this was maintained after the exit was not known.

- There was still a lack of clarity surrounding the continuation of EU-funded schemes, including the Peak National Park. A recent announcement from the Chancellor of the Exchequer had indicated that multi-year EU-funded projects that went beyond the Horizon 2020 cut off point (the likely departure date from the EU) would receive guaranteed match-funding by the Treasury.
- As well as the threats and negative aspects connected to leaving the EU, there were a number of opportunities for both Sheffield and the UK, which included increasing trade links with Asia, the benefits of English Law independence and developing growth industrial areas, such as the carbon trading and the digital sector. It was hard to envisage the London metals exchange and expertise in insurance moving very quickly.
- Whilst apprenticeships were very popular and beneficial to both the young person and employer, it was not considered that commencing apprenticeships any earlier in a young person's life would be any more beneficial. The Chamber of Commerce worked very closely with the University Technical College, Sheffield College and the two Universities in connection with creating good vocational educational routes, and maintaining relationships between the establishments and local businesses.
- The expected financial cost of £58 billion, in connection with leaving the EU, referred to the reduction in the growth of the economy, rather than a direct financial penalty. There were no details in terms of the financial cost of the decision to the Council, but it was hoped that information on this could be provided to Members sometime during the next two years.
- Both Sheffield and the UK, with the exception of London and the South East, were recognised as suffering from low productivity. A report – Centre for Cities – Competing with the Continent, containing more detail on this issue, would be circulated to Members of the Committee.
- Whilst Sheffield was competing reasonably favourably with other Core Cities, the UK as a whole was not competing sufficiently with other parts of the world. Many developers cite issues in Sheffield around the planning process, but despite this, the more positive attitude in the City did mean people wanted to invest. Sheffield did not attract Venture Capital type funding as other areas of the UK did. The Chamber of Commerce had organised an event – “Sheffield 2050 - Bigger, Brighter, Bolder”, which had been attended by a number of local property developers, the aim of which had been to look at what Sheffield needed to do to attract more investment and increase development in the City. At the event, there was a general view that Sheffield had lacked an identity in the last few years, and it was

acknowledged that relevant people, bodies and organisations, needed to come together and create such an identity for the City.

- In terms of Sheffield's comparison with other Core Cities in terms of productivity, only Liverpool came below us.
- Whilst details of the precise figures were not available, and could be forwarded to Members, migration levels from EU countries, following the vote, was less than 1000. There was some concern amongst some sectors which regularly filled vacancies from outside the UK, such as the health sector. The views of businesses differed in terms of whether the decision would bring in advantages or not, and this depended on the nature of the business.
- In terms of future co-operation and working with the EU, the Government, in its Autumn Statement, had announced £4bn funding towards research and innovation projects. By 2020, Government spending on research and development would grow to an additional £2bn over and above existing spending, an increase of around a fifth. The investment increases year on year to reach this level, resulting in a total boost of £4.7bn by 2010/21.
- There was a need for people to be realistic in terms of Sheffield's and Sheffield City Region's economic performance. Sheffield did not compare well with other areas of the UK, and there was concern that the City may not be in a good position to make use of any of the opportunities in connection with the positive aspects of the decision to leave the EU.
- It was not possible to predict whether there would be any further depreciation in the value of the pound. Mr Wright believed that inflation would rise and the pound would stay low. Sheffield would be in a much better position if its performance in terms of profitable exports was better.
- It was very difficult to predict what the effect of the decision would be on pensions. It was not, however, anticipated that the problems surrounding a number of pension schemes would be resolved without problems. Some profitable businesses were starting to fail because their pension deficits were unsustainable.

4.6 RESOLVED: That the Committee:-

- (a) notes the contents of the report now submitted, the information reported as part of the presentation and the responses to the questions now raised;
- (b) thanks Chris Lowry and Richard Wright for attending the meeting, and responding to the questions raised; and
- (c) requests (i) the Director of Policy, Performance and Communications to submit a report to a meeting in three months' time, providing an update on the position, with Richard Wright being invited to attend such meeting, and

(ii) consideration be given to the issue, when further details become available, being considered at a Full Council meeting.

5. MINUTES OF PREVIOUS MEETINGS

5.1 30th November 2016

5.1.1 The minutes of the meeting of the Committee held on 30th November 2016, were approved as a correct record, with the exception of Item 6 – “Protecting Sheffield from Flooding”, which was amended by the substitution of the words ‘Rivelin Valley Conservation Group’ for the words ‘Rivelin Valley Conservation Trust’, in paragraph 6.8(c) of that item.

5.2 15th December 2016

5.2.1 The minutes of the special meeting of the Committee held on 15th December 2016, were approved as a correct record, with the exception of Item 5 - Call-in of the Cabinet Decision on China Economic and Civic Programme Update, which was amended by the addition of a further sentence at the end of paragraph 5.4(b), as follows – ‘(iv) the offer made by Councillor Jack Scott to ensure that any future arrangements or negotiations in connection with the Partnership Agreement would be as open as possible’

6. PUBLIC QUESTIONS AND PETITIONS

6.1 The Committee received the following questions from members of the public:-

(a) Dave Dillner

How does a petitioner present evidence to the proposed Western Road First World War Memorial Trees Task and Finish Cross Party Working Group?

(b) Robin Wrigley

How does the Crookes Western Road and Walkley Tree Action Group submit the independent highway engineering report on Western Road to the proposed Task and Finish Cross Party Working Group?

(c) Nigel Slack

Mr Slack made reference to a statement which had appeared in an e-mail sent by Councillor Steve Wilson to Labour Party members of East Ecclesfield in which it indicated that Councillor

Wilson had suggested that the protests made against the removal of trees in the City had become a political issue. Mr Slack stated that, in his opinion, it would appear that Councillor Wilson has already made up his mind in terms of the issue relating to the Western Road First World War Memorial Trees and, whilst referring to the Council's Members Code of Conduct, questioned whether Councillor Wilson would therefore disqualify himself from chairing the proposed Working Group, and allow the Scrutiny Committee to appoint an independent Chair from outside the Committee.

(d) Susan Smith

- (i) Will the proposed Task and Finish Working Group commit to adequate and effective public engagement, consultation and information-sharing about the work and process of the Group, in particular, holding public meetings, both in the daytime and evening, and use the resources of the Council and Streets Ahead social media teams to promote this?
- (ii) Will an adequate timescale for this be implemented, especially for the promotion and publicising of engagement events beforehand (we would suggest a minimum of two weeks' notice of any public meeting)?

6.2 The Chair stated that a number of the questions pre-empted the discussions to be held, and decisions to be made, in connection with Item 8 on the agenda for this meeting (Western Road First World War Memorial Trees - Scope of Task and Finish Cross Party Working Group). He stated that, if and when the Working Group was established, its first task would be to appoint a Chair, and then set out a programme of meetings, both private and public. The Working Group would engage with the Crookes Forum, Crookes Western Park and Walkley Tree Action Group and any other local groups, and would ensure that representatives of such groups were given at least two weeks' notice of public sessions. The Chair concluded by stressing that the Group would be considering the issue in terms of the Western Road First World War Memorial, and not the wider aspects of the Council's tree-removal programme.

7. WESTERN ROAD FIRST WORLD WAR MEMORIAL TREES - SCOPE OF TASK AND FINISH CROSS PARTY WORKING GROUP

7.1 The Policy and Improvement Officer (Alice Nicholson) submitted a report on the proposed establishment of a Western Road War Memorial – Cross Party Task and Finish Working Group. The report indicated that the proposal had been made following the submission of a petition at the meeting of the Council held on 4th January 2017, and which, as a result of their being more than 5,000 signatures,

had triggered a public debate at that meeting. Part of the resolution by the Council was to refer the petition to this Committee to enable the establishment of such a Group. The report set out proposals regarding the membership, visibility and scope of the Working Group, and a project plan in terms of its operation.

7.2 Members of the Committee raised questions and the following responses were provided:-

- The Working Group would consider the suggestions now made in terms of ensuring that interested individuals and groups be given at least two weeks' notice of any public sessions, for officers to meet with interested individuals and groups, early on in the process, and bring back options, based on their conversations with them, to the Group for consideration and the inclusion of the War Memorials Trust as a stakeholder.
- There were no details of the cost implications of any alternative schemes at the present time.
- There were a number of other tree-related war memorials across the City, and the Council could follow similar procedures in connection with the other memorials, as adopted by the Working Group, if considered appropriate, in order to bring an element of consistency.
- Although the membership of, and stakeholders to be invited to meetings of, the Working Group would be confirmed at its first meeting, it was accepted that Westways Primary School and St Timothy's Church, and any other groups or organisations considered relevant by the Working Group, be invited as stakeholders.
- Again, although this was to be agreed by the Working Group at its first meeting, consideration would be given to ensuring that there was a sufficient number of meetings in public held to provide an equal balance in terms of public engagement.
- It was not considered appropriate, nor had the Council recommended, to have individuals co-opted as members on the Working Group. It had been considered more suitable for the Working Group to comprise a small number of elected Members and for interested and other relevant individuals and groups to be invited to public meetings of the Working Group to give evidence.
- It was expected that the Working Group would wish to invite Amey to give evidence.
- Local Ward Councillors would be consulted on which stakeholders would be involved in the process.

7.3 RESOLVED: That the Committee:-

- (a) notes the contents of the report now submitted, together with the comments now made and the responses to the questions raised; and
- (b) approves the establishment of a Western Road First World War Memorial Cross Party Task and Finish Working Group, comprising Councillors Penny Baker, Lisa Banes, Neale Gibson, Abdul Khayum, Rob Murphy, Martin Smith and Steve Wilson, and for the Working Group to operate in accordance with the proposed scope and project plan, as set out in the report now submitted, and taking into consideration the suggestions now made, including those suggestions raised by members of the public who had asked questions at the meeting.

8. WORK PROGRAMME 2016/17

- 8.1 The Policy and Improvement Officer (Alice Nicholson) submitted a report attaching the Committee's draft Work Programme for 2016/17.
- 8.2 RESOLVED: That the Committee notes the contents of the report now submitted, together with the comments now made, and approves the draft Work Programme for 2016/17, subject to the suggested amendments now made.

9. DATE OF NEXT MEETING

- 9.1 It was noted that the next meeting of the Committee would be held on Wednesday, 22nd February 2017, at 5.00 pm, in the Town Hall.