

**ECONOMIC DEVELOPMENT & MANAGED GROWTH SCRUTINY BOARD - 18
March 2021**

MINUTES

Present: Councillors: M Parker (Chairman), J Ryan (Vice Chairman), M Parker (Chairman), J Ryan (Vice-Chairman), M Brain, T Hodgson, D Howell, M McLoughlin, W Qais, P Thomas, C Williams, I Courts, K Grinsell and A Mackiewicz and M Brain

Councillors in Attendance: Councillor I Courts: Leader of the Council and Cabinet Portfolio Holder for the Economy

Councillor A Mackiewicz: Cabinet Portfolio Holder for Climate Change, Planning and Housing

Councillor K Grinsell: Cabinet Portfolio Holder for Adult Social Care and Health and Deputy Leader

Officers: Fiona Hughes: Chief Executive, Solihull Community Housing
Richard Hyde: Board Chairman, Solihull Community Housing
Austin Rodriguez: Head of Stronger Communities (Housing and Communities)
Ruth Tennant: Director of Public Health
Perry Wardle Assistant Director, Growth and Development
Rachel Egan: Head of Inclusive Growth
Lisa Whitton: Project Manager, Growth and Development
Ellie Howitch-Smith: Economy and Infrastructure Directorate
Mike Hawking (Joseph Rowntree Foundation)
Gemma Thomson: Housing Strategy and Commissioning Lead
Paul Rogers (Democratic Services)

The Economic Development and Managed Growth Scrutiny Board meeting commenced at 6:00 p.m.

1. APOLOGIES FOR ABSENCE

No apologies for absence were received.

2. DECLARATIONS OF PECUNIARY OR CONFLICTS OF INTEREST

No declarations of interest were received.

3. QUESTIONS AND DEPUTATIONS

No questions or deputations were received.

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4. MINUTES

The Economic Development and Managed Growth Scrutiny Board:

RESOLVED:

To agree the Economic Development and Managed Growth Scrutiny Board Minutes dated 18th January 2021 as a true record.

5. SOLIHULL TOWN CENTRE LOW CARBON ENERGY NETWORK

The report was presented by the Project Manager (Growth and Development).

Members were informed that funding applications submitted to the West Midlands Combined Authority (WMCA) and Heat Networks Investment Project (HNIP) had been successful in securing funding to support the commercialisation of the Energy Network. WMCA awarded £1.76M commercialisation funding and HNIP a total of £6,591,000M, of which £631,000 was commercialisation funding and £5,960,000M for project construction. The key commercialisation activities were noted to be:

- Procurement of a Design, Build, Operation and Maintenance contractor to deliver phase 1 of the Energy Network.
- Submission of a full Planning Application.
- Secure agreements with customers for heat and power supply and building connection to the Network.
- Initiate engagement activities with key stakeholders.

In March 2021, the Maintenance and Design Contract was released, receiving five submissions to date. The Energy Network Centre planning application was also submitted during March 2021, which entailed an eight week process.

Members were advised that the Council ESCo (Energy Service Company) would hold the Energy Network assets, enter into contracts for delivery and customer heat and power supply and manage/operate contracts on behalf of the Council as the sole Shareholder.

Councillor Mackiewicz (Cabinet Portfolio Holder for Climate Change, Planning and Housing) noted the Council had drawn upon a Grant Thornton report reviewing lessons learned from the operating experiences of ESCo's located elsewhere in the country, particularly in relation to operating and governance arrangements, and that this learning had consequently been embedded in the Solihull ESCo arrangements. On-going scrutiny and oversight of the ESCo operations would be undertaken by the Councils Audit Committee

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Officers drew the Scrutiny Board's attention to the recommendations detailed within the report and invited Members comment and questions.

Councillor Qais noted the key milestone dates for the project running from February 2021 to December 2021 and queried whether they would be delivered to schedule. Members were advised that an ambitious timescale was in place with the necessary project funding secured, which supported momentum for project delivery. It would only be at the point of having the preferred contractor in place that timeframes could be definitively fixed, but considerable due diligence had been undertaken to thus far.

The Scrutiny Board sought clarification as to whether there had been any instances in U.K. case law pertaining to the use of ESCo legal and governance structures. Members were advised that the actual form of contract was bespoke and specific to the Energy Network project, although templates had been sourced from the central Government Department for Business, Energy and Industrial Strategy and therefore the contract arrangements did draw on recognised industry wide Best Practice.

In respect of Key Performance Indicators (KPI's), Councillor Howell referenced within the report '*Failure to meet the target CO₂ KPI may result in points and payments being levied against the DBOM Contractor*', noting that this target was a key part for delivering the Net Zero Strategy and therefore advocated further strengthening of any such penalties to be applied. With regard to the Education and Skills Plan, further detail was sought regarding the delivery of Social Value commitments referenced therein.

The Scrutiny Board was advised that the existing KPI suite was indeed robust, but as the contract letting process progressed, further refinement and review was to be expected. It was confirmed for Members that there was a significant Social Value commitment within the current contract framework, with the Social Value contract element subject to further evaluation at a later date.

The draft KPI suite had been issued, but further dialogue had not been sought with contractors at this time. In terms of the financial penalty element relating to some of the KPI's, the application of any such penalties was intended to be cumulative in nature (in the scenario that established targets were missed), which could ultimately lead to contract termination.

Councillor Qais sought detail pertaining to regular contract monitoring arrangements over the term of the contract and was informed that a substantial amount of detail was included within the procurement documents addressing

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contract monitoring arrangements. The intention was to ensure that the KPI's and other monitoring arrangements would support delivery of Value for Money. Real time reporting for complaints was a specified requirement for example, with further stipulated monthly/annual reporting requirements in place for the Network performance. Some reporting requirements were the responsibility of the ESCo itself, with further reporting requirements placed on the Shareholder, which were to be detailed in the Shareholder Agreement.

Councillor Parker sought assurance that a transparent Management structure would be established, with regular and timely reporting to the Shareholder on any potential contractual issues and risks, supported by robust governance arrangements. Members were advised that the contract management and governance principles had been outlined at the start of the contract, as was the relationship between the Shareholder and ESCo. Further detail addressing reporting mechanisms was the next contract stage to be developed, which would also incorporate references from the Grant Thornton report with other examples of national Best Practice during the drafting stage.

Councillor Howell queried when was the Energy Centre expected to go live, and was advised January 2023, subject to the procurement timetable being met.

Having considered the report, the Economic Development and Managed Growth Scrutiny Board:

RESOLVED:

- (i) To note the refinement of the Commercial Delivery Model and the progress of the Procurement Strategy made since the submission of the Energy Network Outline Business Case;
- (ii) To note the Outline Board and Governance Structure proposed for the Council's Special Purpose Vehicle that will be established subject to Full Business Case approval by Cabinet; and,
- (iii) To note the programme and key milestones for submission of the Full Business Case.

6. SOLIHULL COMMUNITY HOUSING DELIVERY PLAN

The Head of Stronger Communities (Housing and Communities) informed Members that the SCH draft Delivery Plan 2020/21 detailed organisational priorities and strategic direction for the year ahead and was subject to review and approval at the Cabinet Portfolio Holder (Adult Social Care and Health) Decision Session scheduled for 30th March 2021.

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The Chief Executive (SCH) clarified that establishing the SCH Delivery Plan was an annual process, which detailed organisational commitments and KPI's for 2021/22. The SCH Delivery Plan detailed five strategic aims and organisational key values and provided the framework by which they would be delivered. The five Strategic Aims were given as:

- Creating Homes.
- More than Bricks and Mortar.
- Strengthening Communities.
- Excellent Customer Service.
- Passion in People.

Looking forward to deliverables in 2021, the Scrutiny Board was informed that some key areas included:

- Installing sprinklers.
- Working with the Council to develop a Temporary Accommodation Strategy.
- Developing customer engagement further and seeking related accreditation.
- Delivering further support for vulnerable customers.
- Working with SCH employees to adopt blended/ agile working practices

Monitoring the implementation of the SCH Delivery Plan 2021/22 and wider performance involved a quarterly Monitoring Board meeting Chaired by the Cabinet Portfolio Holder for Adult Social Care and Health, with the SCH Board also keen to ensure the Delivery Plan was reviewed on a quarterly basis at SCH Board meetings. Milestones and Delivery Plan KPI's were also considered at the Housing Operations Committee.

Having received the presentation, Members of the Scrutiny Board were invited to raise questions in relation to the detail provided in the report.

In regard to the priority of creating and building new homes in the Borough, Councillor McLoughlin questioned how many were planned for in 2022 against those housing units expected to be lost through 'Right to Buy' and where did the Council expect to be in terms of housing stock depletion from 2020 through to 2022. The Chief Executive (SCH) advised the Scrutiny Board that fewer housing units had been lost in 2020 due to Right to Buy than compared to previous years, with 140 new build properties planned for, but not guaranteed for delivery in 2021. Provision of supported accommodation units dedicated to

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young people was expected to provide a further 20 to 30 dwellings in total, which would be new Council housing.

Councillor Hodgson queried:

- Regarding the net gain / loss in relation to the number of social housing units within the borough, whether the Council was in a net loss position with the 'Right to Buy' scheme versus provision of new housing units;
- Did SCH plan to deliver 100 social housing units and if so by what timescale;
- Requested further detail pertaining to the 22 shared ownership properties referenced within the presentation to the Scrutiny Board;
- Were the 23 Net Zero homes planned across 4 sites intended for social renting;
- How many properties were scheduled for retro-fitting to improve their thermal efficiency in 2021;
- Was SCH / Council continuing to install gas boilers in its properties;
- With regard to homelessness, was the Council seeking alternative temporary accommodation for people, other than the use of hotels.

The Chief Executive (SCH) advised that:

- In respect of figures for Net Zero properties coming forward in 2021 and housing units sold through the Right to Buy scheme, figures would be provided to the Scrutiny Board from SCH following the Scrutiny Board meeting;
- An on-going study was being undertaken by SCH in respect of retro-fitting of Council housing stock. Once the study had been concluded, it would determine where investment would be directed via the Capital Programme supporting retro-fitting. The study was expected to conclude by the end of 2021;
- Gas boilers continued to be installed in housing stock, but alternative technologies were also being researched to help meet the Net Zero objective; and,
- For the purposes of temporary accommodation, self-contained accommodation was always sought. Hotels were used for temporary accommodation, but it was ensured that they were of a good quality and

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contact was maintained with those clients temporarily housed in such accommodation. Every effort was made to locate people locally, but there were occasions when out of borough accommodation was used due to availability issues. SCH was striving to minimise the use of hotel accommodation wherever possible.

In respect of temporary accommodation measures, the Housing Strategy and Commissioning Lead elaborated that current legislation (Domestic Abuse Bill) was currently with the House of Lords and was expected to be passed as an Act in the summer of 2021, which would have implications for housing. These were primarily around the provision of safer housing options, which would be reflected in the SCH temporary accommodation review and sign post a move away from temporary hotel accommodation wherever possible. The majority of hotel accommodation stays were short term and arose through some form of crisis presentation. SCH recognised that a focus on early intervention was also critical to support residents to stay in their own homes and a significant amount of attention was paid to this issue by SCH.

Councillor Parker queried whether the SCH Delivery Plan would be further refreshed at some point during 2021/22 to reflect the refreshed Council Plan. The Chief Executive (SCH) confirmed that SCH would seek to adjust its milestones and deliverables to ensure alignment between the SCH Delivery Plan and Council Plan.

Councillor McLoughlin raised the deficit between housing unit net gains through new build against losses arising through the Right to Buy scheme and referenced the Scrutiny Boards recommendation in 2020, arising from its consideration of the SCH Delivery Plan 2019/20, that the Council make use of the Housing Revenue Account to support the delivery of new housing units.

Councillor McLoughlin expressed concern at the potential net loss of housing units in the Borough when reviewing the number of new affordable/social rented housing units provided against those lost due through the Right to Buy scheme. Councillor McLoughlin also requested that further data be provided detailing housing net gain / loss in the borough.

Councillor McLoughlin expressed concern that the Scrutiny Boards recommendation agreed at its meeting held on 9th March 2020 reviewing the SCH Delivery Plan 2020/21 had not been adhered to and moved to re-submit the recommendation as part of the Scrutiny Boards review of the SCH Delivery Plan for 2021/22.

Having considered the report, the Economic Development and Managed Growth Scrutiny Board:

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RESOLVED:

- i. To agree to re-submit to the CPH for Adult Social Care and Health the Scrutiny Boards minority recommendation arising from the meeting held on 9th March 2020, which reviewed the SCH Delivery Plan 2020/21, namely:

'To convey to the Cabinet Portfolio Holder for Health and Adult Social Care that the Economic Development and Managed Growth Scrutiny Board notes with concern the anticipated number of new build houses against the anticipated loss of housing units in the borough through the Right to Buy scheme when considered in relation to the Council's housing waiting list, and, therefore, recommends that consideration be given to what headroom is available within the Housing Revenue Account (HRA) specifically for the development of new build properties in the Borough of Solihull'.

- ii. To note and support the objectives detailed in the SCH Delivery Plan 2021/22; and,
- iii. To recognise SCH's achievements in supporting tenants during the Covid-19 pandemic period, particularly in respect of the work undertaken to support vulnerable residents and families.

7. INCLUSIVE GROWTH

The Head of Inclusive Growth advised Members that the report detailed the Draft Inclusive Growth Outcomes Framework with proposals to measure impact and outcomes. It was recognised the Council could not deliver Inclusive Growth in isolation and that involvement in delivering Inclusive Growth was required from Council partners, the business and community sectors and residents in order to be successful.

Mr Mike Hawking (Joseph Rowntree Foundation) introduced himself and explained that the organisational focus of the Joseph Rowntree Foundation was to address and alleviate poverty in the United Kingdom. The Joseph Rowntree Foundation had been addressing Inclusive Growth for a number of years, generally at a local authority level throughout the U.K.

Mr Harding observed that the concepts of Inclusive Growth as detailed within the report to the Scrutiny Board were sound in understanding Inclusive Growth. The challenge before the Council was turning the Inclusive Growth Strategy into delivering tangible outcomes in communities within the borough.

In respect of the metrics detailed in the report, Mr Hawking noted that they were broadly addressing the right areas for attention, but that there may be too many metrics included. There was a slight concern as to how outcomes and data arising relating to specific households and communities would be fully captured and further actioned. Members were further advised that some measures would be impacted by external factors for which the Council had no control over, with

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the example given of the relationship between child poverty and Universal Credit arrangements.

Mr Hawking further noted that the Council's Procurement Strategy demonstrated good ambition in establishing the significance of delivering Social Value, but that the future challenge lay with how Procurement and Commissioning Managers would deliver the Social Value framework to effect real change in the borough.

Having received the presentations, Members of the Scrutiny Board raised a number of related questions, which in summary included the following matters:

Councillor Williams noted that with regard to the definition of Inclusive Growth, it sounded very much 'business as usual' in that Inclusive Growth was viewed as providing an equal opportunity to benefit from economic growth, which had broadly been the definition used over many years and could be open to misinterpretation. Councillor Williams noted that the WMCA spoke of establishing new models of economic growth in the West Midlands region and of 'levelling up' and therefore queried whether the correct definition for Inclusive Growth was in fact being applied. Clarity of objectives and deliverables through the Inclusive Growth Strategy was also raised as significant by Councillor Williams.

Councillor McLoughlin referenced the definition of Inclusive Growth provided in paragraph 6.7.1 in the report (Statutory Equality Duty) and stated that greater clarity was required as to what was indeed meant by Inclusive Growth. Councillor Williams proposed that greater emphasis be placed on 'Equal Opportunities' and referenced that other definitions given for Inclusive Growth made reference to 'Equal Sharing'.

Councillor McLoughlin commented that it was also vital to receive external input into the Inclusive Growth Strategy, with emphasis also placed upon equality and equity within the Strategy. With regard to the metrics detailed within the Strategy, there were perhaps too many indicative outcomes, but it was recognised that with time it would become clearer which specific measures provided tangible change and impact. Councillor McLoughlin observed that simplifying the outcomes specified against each action may assist in clearly identifying where any outcome gaps remained over time.

Councillor Howell noted that the challenge with delivering the Inclusive Growth Strategy lay in driving forward those initiatives addressing equality gaps resulting in sustainable change. Targeted resources would be required in order to achieve this. Councillor Howell noted that other policies and initiatives also had a role to play in delivering Inclusive Growth, such as the Borough Wide Economic Strategy, and that a clear direction in establishing priorities for resource allocation in the short, medium and long term was also required.

Councillor Hodgson noted the report's reference to the social economy and voluntary sectors and stated that these sectors alone could not be relied upon

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to deliver Inclusive Growth in the Borough. The Council did have the means, however, to influence a range of other sectors, such as health, housing, transport and community building, to contribute towards delivering Inclusive Growth for residents across the Borough. With regard to the definition of Inclusive Growth, Councillor Hodgson supported the adoption of the wording in paragraph 6.7.1 of the report as a working definition for Inclusive Growth.

Councillor Ryan highlighted that skills and educational opportunities had a significant role to play in levelling up and delivering the Inclusive Growth agenda through greater access to employment opportunities, both within the borough and regionally.

Councillor Parker stated that he felt there was something of an omission within the report in relation to the wider digital economy and the role technology had to play generally in closing the economic and skills gap.

Mr Mike Hawking (JRF) informed the Scrutiny Board that recognising structural barriers and causes of poverty was an important factor in addressing Inclusive Growth. Access to employment opportunities and family circumstances were often found to be barriers which challenged individual's opportunities for accessing employment. Frequently, it was also found that it was not a lack of aspiration on the individual's part to secure employment, but rather a lack of fit between the individual's career aspiration and the type of employment being offered or available. Family environment was also found to be a significant factor in influencing a person's ambitions and expectations towards the type of employment and career path possible, with shared family experiences, aspirations and informal networks also playing very significant roles.

Councillor McLoughlin queried if in order to address the many social factors which formed a person's individual aspiration whether greater use of mixed housing development should be encouraged to include affordable, social rented and private development units within any new commercial developments.

Councillor Parker noted that the Council had a 40% affordable housing condition in place as part of the planning and development process for new development and stated that access to skills and training opportunities was a key element in providing employment opportunities leading to Inclusive Growth.

With regard to metrics, Councillor McLoughlin highlighted the danger of fragmentation for some outcomes, specifically as to how they related to each other. In respect of the Growth Model, Councillor McLoughlin wished to see greater use of and reference to the Raworth Growth Model within the Councils Inclusive Growth work. As to specifics within the report, Councillor McLoughlin highlighted the following as requiring further attention:

- Access to Open Spaces: This should be amended to Access to Green Spaces.

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- Air Quality: Was an area of shortfall.
- Number of Local Volunteers: A Ward level breakdown was required.
- Increasing Health Expectancy: More attention was required in order to close health inequality gaps.
- Current CO² Figures: Further actions were required to reduce current figures.
- Metrics: Greater reference to the Raworth 'doughnut' Growth Model to ascertain why some people were falling short of attaining basic living standards to include a metric specifically addressing accommodation needs and undertake further refinement of some of the metrics detailed in the report.

The Head of Inclusive Growth advised the Scrutiny Board that the Outcomes Framework had been cross-checked across all existing Council strategies, including the refreshed Council Plan, to ensure a cohesive approach towards delivering Inclusive Growth objectives in the borough. Members were further advised that Officers were attempting to clarify what precisely needed to sit within the Inclusive Growth Strategy (for example, objectives of the Health Inequality Strategy) and that further work was on-going to review metrics across the various Council strategies.

Having considered the report, the Economic Development and Managed Growth Scrutiny Board:

RESOLVED:

- i. To Recommend to the Leader of the Council (and Cabinet Portfolio Holder for the Economy) that the Council use data arising from the West Midlands Combined Authority (WMCA) to support and further develop the Council's Inclusive Growth Strategy with regard to the public health, education and skills agendas respectively, which were also supporting delivery of the Solihull Inclusive Growth Strategy;
- ii. To Recommend to the Leader of the Council (and Cabinet Portfolio Holder for the Economy) that the Council's definition of Inclusive Growth be further reviewed against paragraph 6.7.1 of the Inclusive Growth Scrutiny Board report;
- iii. To Recommend to the Leader of the Council (and Cabinet Portfolio Holder for the Economy) that in order to prevent fragmentation and understand better the inter-dependence of some of the metrics within the Council's Inclusive Growth Strategy that greater use of and reference to the Raworth Growth Model be included in future Inclusive Growth reports submitted to the Economic Development and Managed Growth Scrutiny Board; and,

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- iv. To agree that the Economic Development and Managed Growth Scrutiny Board receive further Inclusive Growth reports as part of its Work Programme for the 2021/22 municipal year.

**8. ECONOMIC DEVELOPMENT AND MANAGED GROWTH SCRUTINY
BOARD WORK PROGRAMME 2020/2021**

Having considered the report, the Economic Development and Managed Growth Scrutiny Board:

RESOLVED:

- i. To note the status of the Economic Development and Managed Growth Scrutiny Board Work Programme at the end of the 2020/21 Municipal Year; and,
- ii. To agree the agenda for the Economic Development and Managed Growth Scrutiny Board meeting scheduled for 7th June 2021, as detailed in the report.

The Economic Development and Managed Growth Scrutiny Board
meeting closed at 9:00 p.m.