

**ECONOMIC SCRUTINY COMMITTEE
 24 MAY 2016**

PRESENT: COUNCILLOR A BRIDGES (CHAIRMAN)

Councillors C Pain (Vice-Chairman), B Adams, Mrs J Brockway, N I Jackson, D McNally, Mrs E J Sneath, P Wood, L Wootten and N H Pepper.

Councillors: C J Davie (Executive Councillor Development) and W S Webb (Executive Support Councillor Development) had attended the meeting as observers.

Officers in attendance:-

Justin Brown (Commissioner for Economic Growth), Katrina Cope (Senior Democratic Services Officer), Tracy Johnson (Senior Scrutiny Officer), Ian Kitchen (Transport Manager - Policy and Orders), Jasmine Sodhi (Performance and Equalities Manager), Ruth Carver (Commissioning Manager (LEP)), Linsay Hill Pritchard (Principal Commissioning Officer (Accountable Body)), Simon Wright (Principal Officer (Regeneration)) and Andrew Thomas (Principal Accessibility Planning Officer).

1 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS

An apology for absence was received from Councillor G J Ellis.

The Chief Executive reported that, under Local Government (Committee and Political Groups) Regulations 1990, Councillor N H Pepper had been appointed to the Economic Scrutiny Committee to replace Councillor W S Webb for this meeting only.

2 DECLARATIONS OF COUNCILLORS' INTERESTS

No declarations of Councillors' interests were received at this stage of the proceedings.

3 MINUTES OF THE MEETING OF THE ECONOMIC SCRUTINY COMMITTEE HELD ON 12 APRIL 2016

RESOLVED

That the minutes of the Economic Scrutiny Committee meeting held on 12 April 2016 be confirmed and signed by the Chairman as a correct record.

4 ANNOUNCEMENTS BY THE EXECUTIVE COUNCILLOR ECONOMIC DEVELOPMENT, ENVIRONMENT, PLANNING AND TOURISM

The Executive Councillor for Development was invited to update the Committee on recent events:-

- That Councillor S M Tweedale had chosen to step down as his Executive Support Councillor, as a result of his recent appointment as Deputy Police and Crime Commissioner. The Executive Councillor extended his thanks to Councillor Tweedale for all his help and support and wished him well in his new role. The Committee was advised further that Councillor W S Webb would now be providing support to the Executive Councillor for Development moving forward.
- That it was important for the Greater Lincolnshire Local Enterprise Partnership to be involved with the Midlands Engine, to ensure that Lincolnshire was in the driving position, rather than being a passenger; and
- That following the MIPIM event, some business opportunities had been secured for Lincolnshire;
- That the Poppies Wave situated in the grounds of Lincoln Castle would be opening to the public from 26 May 2016; and that the Visitor Centre at Gibraltar Point was also due to be opening over the Bank Holiday weekend, and that the Pullover Theatre at Chapel St Leonards was also due to open on Bank Holiday Monday.

5 GREATER LINCOLNSHIRE LEP RAIL STUDY

Consideration was given to a report from Andrew Thomas, Principal Accessibility Planning Officer, which provided the Committee with details of the Greater Lincolnshire Local Enterprise Partnership (GLLEP) Rail Study, which had identified priority improvements to deliver economic benefits across the area.

The report also updated the Committee on the two rail issues of key economic importance, Lincoln - London direct services and the re-letting of the East Midlands Rails Franchise.

The Transport Manager – Policy and Orders highlighted that in early 2015, the GLLEP had commissioned a detailed study of the economic development potential of rail investment in the area. Local authorities had jointly written the brief for the study which had been sent out by JMP Consultants with North East Lincolnshire Council acting as the Client. The three local authorities also commented on and agreed the draft. A copy of the GLLEP Rail Study was detailed at Appendix A to the report presented.

The conclusion of the report was detailed in paragraph 1.2 of the report presented. The report had reiterated the existing approach of the three Councils was within the context of the GLLEP's strategic role. It was noted that the County Council's priorities were placed within this context and therefore had endorsement of the GLLEP. This provided important support for the Council in its role campaigning for improved services and infrastructure investment.

The report also emphasised:-

- The importance of ensuring that committed schemes were delivered by Network Rail, the train operating companies, and the DfT;
- Identified a range of incremental schemes which could be delivered relatively quickly as part of new franchise agreements;
- Highlighted potential service improvements linked to the East Midlands Rail Franchise that was due to start in March 2018;
- Identified longer term 'transformational' larger scale infrastructure schemes; and
- Paragraph 1.8 of the report identified priorities considered to deliver the most economic benefits, but also being realistic objectives for delivery.

Some concern was expressed for the need to ensure that the coastal area had better rail provision, including a Sunday service. One area that was identified as being a way forward was the automation of crossings and that this could be done for very little relative cost. Officers advised that coastal access was a problem for both road and rail. The Committee was further advised that the Council would lobby for this to be addressed as part of the current Department for Transport (DfT) programme of re-letting the East Midlands Rail Franchise, which would be starting later in the year, with the short-listed rail operators being announced in December 2016. The tender process would be completed in 2017, with the new contract starting in March 2018. It was highlighted that the re-letting of the franchise would provide an opportunity for the County Council and other stakeholders to lobby both the DfT and prospective operators for improvements to Lincolnshire services.

Other points raised included:-

- The proposals identified as being priorities to deliver the most economic benefits, but also being realistic for delivery, were listed on the bottom of page 13/top of page 14 of the report presented. The Committee was advised that the JMP report was going to be considered by the GLLEP in January 2017. All three authorities were taking the report through their democratic process;
- The need to also ensure that not only was the coast better served, but that Grantham needed to be recognised as a rail opportunity;
- That the document presented was a start on what was needed for Lincolnshire, and that provision needed to be made to encourage international business, and businesses moving from the south;
- Further reference was made for the need for greater emphasis on the East Coast Main Line;
- The East Midland Rail Franchise re-letting timetable;
- The Economic drivers in Greater Lincolnshire as detailed on page 35 of the report presented;
- One member expressed surprise that the station development at Littleworth, and the Rail Hub at Deeping St Nicholas were still included within proposals. Officers advised that ongoing discussions were being had in relation to both proposals;

4

ECONOMIC SCRUTINY COMMITTEE

24 MAY 2016

- The need to ensure that time saving formed part of the methodology. It was highlighted that there was an established methodology applied to journey times; and
- Whether the scheduled new direct London service for Lincoln would be using new trains. Officers confirmed that they did not have access to timetables, and that bi-mode trains would not be available until 2019.

Reassurance was given that the document did reflect the outcomes of the three authorities, and that the document would inform decision making by GLLEP and also provide information for lobbying.

RESOLVED

That the Economic Scrutiny Committee's comments as detailed above be highlighted to the Highways and Transport Scrutiny Committee on 13 June 2016.

6 THEME PERFORMANCE - 2015/2016 QUARTER 4

The Committee gave consideration to a report from Justin Brown, Commissioner for Economic Growth, which provided an update on the Lincolnshire economy, and on the economic development unit's progress with its performance indicators.

Jasmine Sodhi, Performance and Equalities Manager presented to the Committee the new style performance reporting infographics which was currently being held in a secure area on the Lincolnshire Research Observatory. Members of the Committee had received details of how to access the new style performance information along with the agenda and papers for the meeting.

The Committee was advised that this had been the first full year's performance against the Council Business Plan using the new style reporting. It was noted that the new style reporting had been developed with Councillors input and had been introduced in Quarter one to scrutiny committees. It was planned that going forward performance information would not be sent as part of the agenda, but would be accessed through the web link.

The Committee was advised further that it was hoped that the 2015/2016 performance against the Council Business Plan would be published on LCC connects after the June Executive meeting.

The Performance and Equalities Manager guided the Members through the access to the web link process at the meeting, and viewed performance information pertinent to the Economic Scrutiny Committee.

The Commissioner for Economic Growth guided the Committee through the report and Appendices presented, and particular attention was given to the performance indicators shown in Appendix B to the report.

The Committee was advised that the indicator relating to 'Amount of external funding attracted to Lincolnshire', which was shown as a red indicator had not been achieved. It was reported that due to delays with processing applications for funding from the EU programmes, the initial target set of £54.8m had not been met; however, the level of external income generated (£42.877m) was still very high. The Committee was advised that the delay was as a result of the time taken by government officials to appraise and then approve bids.

Officers advised that the agreement of a devolution deal for greater Lincolnshire would provide the opportunity to explore ways of reducing the risk of delay. Two examples of possibilities to explore were having programme bids prepared, and secondly giving greater Lincolnshire a bigger say in the operational management of the programmes. It was highlighted that the benefit of both approaches would be that the grants would flow more quickly, but the downside was that the approach had not been tried anywhere else, and could prove to be resource intensive for LCC and other local partners. The Commissioner for Economic Growth advised that he would be liaising with government officials regarding accelerating the funding process. In summary, the Committee was advised that overseas sales and orders had been given a boost due to changes in the exchange rate. There had been a small increase in the proportion of businesses reporting improved UK sales. The uncertain conditions had also played a part in the large jump in the proportion of businesses reporting change in their workforce over the last three months; and that businesses were feeling the pressure to raise costs, the most likely cause being the incoming National Living Wage.

During discussion, the Committee raised the following issues:-

- Congratulations were extended to Officers for obtaining external funding to the value of £42.8m. Some discussion ensued as to how the indicator should be amended to reflect the backlog situation with regard to the 'Amount of external funding attracted to Lincolnshire'. It was agreed that the target should be amended as being improving but not achieved; or that the percentage should be amended pending negotiation;
- Cost of raw materials and the effect on different business sectors. The Committee was advised that a piece of work was being done looking at costs factors affecting the economy. It was agreed that this information could be made available to the Committee;
- Types of qualifications achieved. The Committee was advised that Lincolnshire County Council (LCC) delivered access to training provision and literacy/numeracy provision. The training that was reported on was not therefore apprenticeships or vocational training. The Council influenced the commissioning and management of this training through mechanisms such as the Greater Lincolnshire Employment and Skill Board, rather than by delivering it itself; and
- The potential effect of the EU referendum on Lincolnshire.

RESOLVED

1. That performance relating to the four indicators presented be noted.

2. That the Commissioner for Economic Growth be tasked with liaising with government officials over how funding processes could be accelerated.

7 PLACE MARKETING AND ALIGNMENT WITH GLLEP'S WORK

Consideration was given to a report from Ruth Carver, Commissioning Manager, LEP, which set out information on the work being done by LCC and the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and other partners in establishing a vision for place marketing.

It was reported that place marketing was critical for economic growth, and that it could be considered as being communications, branding, sales and marketing activities that make a place appealing to a wide range of audiences such as visitors, employees, residents, learners, businesses, investors and developers. It was highlighted that a strategic and co-ordinated approach to place was needed, but that the same was not required for all audiences.

The GLLEP had been asked to take a leadership role in strengthening elements of place marketing across Greater Lincolnshire, and form a partnership steering group to drive the outcomes and align existing partners.

The areas of focus would be telling the economic growth story of Greater Lincolnshire, addressing the gaps in living and working in Greater Lincolnshire.

The five areas of focus and planned activities were detailed on pages 128/129 of the report presented.

In conclusion, it was highlighted that the GLLEP's leadership of place marketing was welcomed and that input from LCC was vital. The result would raise the profile of Lincolnshire as a place to invest and to support economic growth.

A discussion ensued, from which the following issues were raised:-

- That the working in partnership would broaden the tourism picture going forward;
- That it was necessary to promote Lincolnshire as a County;
- That three districts were on board with the wider offer so far;
- That one attraction might bring people to Lincolnshire, but it was important to understand the wider picture; it was therefore necessary to get everyone on board. It was highlighted that there needed to be the same amount of effort from all parties involved;
- Place would also help with recruitment in Lincolnshire, promoting what Lincolnshire has to offer for someone new to the area; and
- Place marketing would ensure that Lincolnshire was well placed for the future. The Committee was advised that place marketing and tourism was not the same thing, and that it was important to make a clear distinction between the two when taking this work forward.

RESOLVED

That members of the Economic Scrutiny Committee supported the work of the Greater Lincolnshire LEP and partners in developing place marketing activity as set out in the report.

8 SINGLE LOCAL GROWTH FUND ACCOUNTABLE BODY PROGRESS REPORT

The Committee gave consideration to a report from Linsay Hill Pritchard, Principal Commissioning Officer, Accountable Body, which provided an update from the Accountable Body on the progress of the Single Growth Fund (SLGF) operated on behalf of the Greater Lincolnshire LEP. The report presented focussed on the financial year 2015/16, and highlighted the spend position for the year end and the challenges faced in providing a robust Accountable Body function.

Appendix B to the report provided the Committee with details relating to Growth Deal Progress – Approved Schemes (Growth Deal allocations 2015/16).

Whilst presenting the report to the Committee, reference was made to the following issues:-

- The assurance framework and the successful transfer of £26.4 million of Single Local Growth Fund grant via a Section 31 grant determination for the financial period 2015/16. It was noted that the assurance framework had been deemed as being low risk, which had enabled the release of funds upfront. It was noted further that not all LEPs and their accountable bodies had received their monies in this way. This clearly showed that the government was confident that there was a strong underpinning local authority partnership arrangements in place to facilitate strong decision making and fund accountability;
- National Audit Office Review, this had been a desk based exercise and that no discussion had been held with the Council as part of the process. As a result of this exercise two minor areas had been highlighted. A copy of the response to the audit was detailed in a letter (Appendix A to the report presented);
- The Committee was advised that Douglas Leckie, Growth Deal Implementation Policy Lead had visited on 24 March 2016, and as a result of the meeting the team was sharing identified best practise with other accountable bodies around audit and accounting practices;
- 2015/16 Contracted Project Spend Overview. The table shown on page 135 identified the amount of monies expended within an identified period and provided a cumulative spend picture. It was highlighted that the large spike in expenditure in the last month of 2015/16 had resulted in the release of £21m solely in March. The accountable body team had endeavoured to ensure that claims submitted were robust so that they withstood scrutiny from future audits;
- Page 136 provided the Committee with information relating to target and actual spend for contracted projects. It was noted that against the target of

£26.4m of grant available, only £17.9m was able to be released for contracted projects. This had then resulted in an underspend of £8.5m. The Council had utilised the remaining grant of £8.5m to the three projects the East West Link; the Eastern Bypass; and Lincoln Canwick. In doing the allocation the Council had followed the government's preferred approach in order to secure future funding allocations;

- It was reported that following the first year review lessons had been learnt, which would be taken forward into future year delivery;
- Pages 138 to 140 provided the Committee with an update on pipeline projects. All projects were progressing well with specific work on due diligence having taken place; and
- It was highlighted that the Council had been successful in securing the next tranche of funding (£39.9m) for the 2016/17 period. It was noted that the future funding activity would support mainly transport, skills, capital and housing initiatives.

During discussion, the Committee made reference to the following issues:-

- Whether the delays for the Bishop Burton College would lead to funding being lost. The Committee was reassured that LCC had taken steps to avoid the money being lost. This had involved pursuing the policy agreed at a previous Economic Scrutiny meeting of allocating the grant to the Lincoln East West Link project in 2015/2016, and then allocating LCC's cost saving back to the Bishop Burton project in 2016/2017;
- That works achieved in Skegness had been very positive, however, more worked needed to be done to link projects together along the coast and into the Wolds; and
- Procedure adopted for releasing funds to projects.

The Committee expressed their thanks to officers for a very comprehensive report.

RESOLVED

That the progress on project delivery and spend of the Single Local Growth Fund be noted.

9 SOUTH LINCOLNSHIRE FOOD ENTERPRISE ZONE

The Committee gave consideration to a report from Simon Wright, Principal Officer Regeneration, which set out plans and strategic thinking for a South Lincolnshire Food Enterprise Zone (FEZ) at Peppermint Junction, Holbeach. It was reported that Lincolnshire County Council together with South Holland District Council and other stakeholders were actively developing plans to bring forward a Food Enterprise Zone on land to the north west of Holbeach.

Appendix A to the report provided a plan of the proposed A17/A151 road improvement scheme, and Appendix B provided a plan which highlighted land identified for the Food Enterprise Zone.

The Committee was advised that across Greater Lincolnshire there were plans to bring forward three FEZ sites, these were:

- Europac 4 which would focus on supporting growth of the existing seafood and value added food processing sector already established on the Humber;
- For Central Lincolnshire a FEZ was planned at Helmswell Cliff, which would support the arable food sector; and
- For South Lincolnshire the FEZ would support existing agri-food businesses as well as those looking to invest and relocate to South Lincolnshire with particular emphasis on the food technology sector.

The proposed FEZ site extended to circa 16 hectares (40 acres), the ownership of which was currently split between a private landowner and Lincolnshire County Council (LCC). Details of work underway to bring forward the FEZ were detailed in the report presented.

It was also highlighted that in parallel with the work to bring forward the FEZ, the County Council was seeking planning consent for residential development on land to the east of the A151. The land in question was mainly in the ownership of the Council.

It was noted that the opportunity to create a FEZ would be facilitated by the improvement works to the A17/A151 adjacent to the proposed FEZ site. These highway works would comprise of the construction of a three arm roundabout at the A17/A151 together with the creation of a new, four arm roundabout to the south of the A17 junction. Appendix A detailed the proposed improvements.

Funding for the road improvements would be made via a combination of Greater Lincolnshire Local Economic Partnership (GLLEP) Growth Deal funding, Section 106 contributions and a balance of funding to be provided by LCC.

Councillor Mrs E J Sneath wished it to be noted that she was a member of South Holland District Council.

It was highlighted that the proposal would be a catalyst in developing this particular area of Holbeach.

Officers advised that a further update was scheduled for the 13 September 2016 meeting, but this may need to be deferred to a future meeting depending on progress.

RESOLVED

That the report be noted and that officers continue to progress the delivery of a South Lincolnshire Food Enterprise Zone as a priority.

10
ECONOMIC SCRUTINY COMMITTEE
24 MAY 2016

10 ECONOMIC SCRUTINY COMMITTEE WORK PROGRAMME

Consideration was given to a report from the Director Responsible for Democratic Services, which provided the Committee with an opportunity to consider its work programme for the coming year.

Tracy Johnson, Senior Scrutiny Officer introduced the report and brought the Committee's attention to the Economic Scrutiny Work Programme as detailed in Appendix A to the report.

The Committee was reminded that an update on the South Lincolnshire Food Enterprise Zone item currently scheduled in for 13 September might be moved to a future meeting to allow officers more time.

RESOLVED

That the Economic Scrutiny Work Programme as presented at Appendix A be approved subject to the change as mentioned above.

The meeting closed at 12.45 pm.