

**ECONOMIC SCRUTINY COMMITTEE  
 12 JULY 2016**

**PRESENT: COUNCILLOR A BRIDGES (CHAIRMAN)**

Councillors B Adams, G J Ellis, Mrs E J Sneath, L Wootten, R Wootten, J W Beaver and Ms T Keywood-Wainwright.

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

Officers in attendance:-

Justin Brown (Commissioner for Economic Growth), Katrina Cope (Senior Democratic Services Officer), Andy Gutherson (County Commissioner for Economy and Place), Clare Hughes (Principal Commissioning Officer (LEP), Tracy Johnson (Senior Scrutiny Officer), Susannah Lewis (Principal Commissioning Officer (Funding), Nicola Radford (Senior Commissioning Officer, Regeneration Programmes) and Paul Wheatley (Group Manager Economic Development).

**11 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS**

Apologies for absence were received from Councillors Mrs J Brockway, N I Jackson, D McNally, C Pain and P Wood.

The Chief Executive reported that, under Local Government (Committee and Political Groups) Regulations 1990, Councillors J Beaver and Tiggs Keywood-Wainwright had been appointed to the Economic Scrutiny Committee to replace Councillors C Pain and P Wood respectively, for this meeting only. It was also reported that Councillor R Wootten had been appointed to the vacancy on the Committee until further notice.

**12 DECLARATION OF COUNCILLORS' INTEREST**

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

**13 MINUTES OF THE MEETING OF THE ECONOMIC SCRUTINY COMMITTEE HELD ON 24 MAY 2016**

**RESOLVED**

That the minutes of the Economic Scrutiny Committee held on 24 May 2016 be confirmed and signed by the Chairman as a correct record.

**14 ANNOUNCEMENTS BY THE EXECUTIVE COUNCILLOR FOR DEVELOPMENT**

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

- In light of the result of the EU Referendum, the Council would be working to build up relationships with the new government once they were in place, to ensure that Economic development was taken forward for Lincolnshire;
- That work would continue with UK Trade and Investment on China, India and Florida in the forthcoming year;
- Made in Lincolnshire Awards – The Committee was advised that the Awards had showcased diversity and creativity of the manufacturing businesses in Lincolnshire, with some Made in Lincolnshire businesses having World Class status. Particular reference was made to a Beehive manufacturer from West Lindsey;
- The Spalding and South Holland Festival of Food and Drink – It was reported that the Festival had been held over the previous weekend and had been very successful; and
- That the LEP had submitted a Single Local Growth Bid for £100 million, which would be used to improve transport, skills, business and housing need throughout Lincolnshire. Reassurance was given that the bid was for Greater Lincolnshire and that there was a good geographical spread.

The Committee raised the following issues:-

- One member asked for a copy of the detail of the Single Local Growth Bid. Officers advised that the information was not yet in the public domain, and that the information would be sent out in due course;
- The need to address the concerns of the coastal communities with regard to infrastructure and employment. The Committee was advised that Tourism was a key driver for the economy and was a key industry for the United Kingdom. It was highlighted that one of the challenges going forward would be making sure that a Lincolnshire case was made for the coast and tourism, with some of the infrastructure elements being addressed in the District Local Plans;
- The situation regarding Tata Steel. The Committee was advised that work was ongoing with the original bidder; and that work was ongoing in the background relating to the potential implications for Scunthorpe and Lincolnshire as a whole, as lots of people travel to work at the plant from neighbouring areas;
- The need for holiday resorts to be able to cater for visitors on rainy days. The Committee noted that Tattershall Lakes had spent £8 million on its leisure facilities to ensure that visitors could be catered for all year round. One member highlighted that there was also a need to join attractions up to ensure that visitors were made aware of venues away from the coast. Reassurance was given that this was the way forward and that this approach was being adopted; and

- The Committee was advised that Greater Lincolnshire had an indicative allocation (subject to exchange rate fluctuations) of around £120m of EU Growth Programme Funds covering the period 2014/2020.

## 15 RURAL DEVELOPMENT PROGRAMME/LEADER FUNDING PROGRESS

Consideration was given to a report from Susannah Lewis, Principal Commissioning Officer, Funding, which provided an update to the Committee on the Rural Development programme which focussed on protecting the environment, growing the rural economy and creating more jobs.

It was noted that there was four main strands to the programme and that the report presented focussed on the two strands that had specific local input and influence. The first strand was the Growth Programme European Agricultural Fund for Rural Development which helped to get new rural businesses off the ground and to develop existing businesses, new products and facilities which included investment in broadband, renewable energy production and promoting rural tourism. The Committee noted further that the Greater Lincolnshire European Structural and Investment Fund Committee helped the national team decide how to spend funds in the local area.

The second strand was LEADER funding which gave local communities the responsibility to identify local needs and fund projects to meet them. LEADER funding was available to businesses, farmers, foresters, land managers and communities for projects that would create jobs and growth; and benefit the rural economy. The Committee was reminded that the Council had been successful in getting five LEADER areas approved covering most of rural Greater Lincolnshire. Appendix A to the report provided the Committee with information relating to the five Local Action Groups (LAGs), made up from people from the local community, and the local public and private sector. Page 18 of the report provided a breakdown of the funds allocated to each of the five Local Action Groups. It was highlighted that the contract stage was a lengthy process to access funds. It was highlighted further that the allocations of funding ranged from £2,500 to £40,000.

Since the LEADER programmes had been launched in November 2015, the Lincolnshire LAGs had received 116 outline application forms, only five projects had reached contracting stage; and concerns had been raised at a national level across the country regarding the time taken to process small funding applications.

The Committee was advised that the Council promoted the Multi-Fund Approach, making sure that businesses understood funding opportunities. This had proven challenging as calls for activity were not always aligned.

It was reported that the European Agricultural Fund for Rural Development (EAFRD) grant allocation for Greater Lincolnshire was £8.782m, which was ring fenced to be spent in rural areas. The Committee was advised that Lincolnshire had been one of the first areas to have projects approved with the first contract being awarded to an automated flower grading and bunching line. Page 17 of the report presented,

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provided details which focussed on the EAFRD funds and the proposed calls timetable.

The Committee was advised that there was a keenness to develop skills in the agri-food sector, and that clarification was being sought as to what EAFRD could support, so that support provision could be dovetailed effectively. It was further highlighted that the Council was keen for DEFRA to allow calls to be opened earlier, as it was felt that leaving them until late 2017 would leave little time for delivery.

It was reported that the Council hoped to be able to use EAFRD to support specific technical business advice, relating to the Agri-Food sector, which were not covered by ERDF.

In conclusion, the Committee was advised that it was hoped that the Council would be able to demonstrate to DEFRA the skills gap in the agri-food sector; and that support would be given to using EAFRD funding to do this, which would mean that a push could be made for an earlier call.

During discussion, the Committee raised the following issues:-

- Assurance was sought that other work being carried out concerning skills across the County was being taken into consideration. Officers advised that the work would fit into what was already being done;
- One member asked for a breakdown of figures relating to tourism;
- The Committee was advised that Greater Lincolnshire had received £120m from 2014 to 2020;
- The Committee was reassured that investment was being made in Grantham. Officers further advised that an officer worked one day a week with South Kesteven to promote businesses; and
- That strategically in the next three months, Lincolnshire would be making a case to the government to advise what Lincolnshire needed to make it work for Lincolnshire.

Officers invited members to signpost any interested businesses in their respective areas through the team for help, as officers had mentioned earlier there was a lot of bureaucracy attached for applications for funding.

**RESOLVED**

1. That support was given by the Economic Scrutiny Committee to officers to continue the work they are doing on skills, to push earlier calls for activity to be brought forward under the European Fund for Rural Development.
2. That officers be tasked with making representations to the Rural Payments Agency to accelerate the appraisal/approval process.

16      OCCUPANCY IN LCC BUSINESS SITES AND PREMISES

The Committee gave consideration to a report from Paul Wheatley, Group Manager, Economic Development, which provided details of the current portfolio performance by occupancy. The portfolio was broken down into workspace, business centres and employment parks. Appendix A to the report provided details of current performance of the portfolio by occupancy for the Committee's consideration.

In guiding the Committee through the report, particular reference was made to:-

- That as at June 2016, 92.8% of workspace was occupied. It was highlighted that the property industry usually considered anything over 80% to be full occupancy with the 20% allowing for movement or churn. It was highlighted further that ten of the fourteen workspace developments were at 100% occupancy. Of the four workspaces not achieving 100%, the Committee was advised that Market Rasen was the worst performing at 66% occupancy. It was however noted that this was a small development; and that 33% was actually only one unit;
- The Committee was advised that the performance of the business centres was not as strong as that for workspaces. It was noted that this could be explained as these properties were designed to incubate new businesses. It was noted further that the star performing business centre was Eventus at Market Deeping, where there was currently a waiting list;
- It was reported that the Council's employment sites already had utilities and estate roads in place for businesses to purchase and then build upon. It was highlighted that the Council had 21 acres of serviced land across Lincolnshire, with the largest plot totalling nine acres. The Committee was advised that over the last 12 months the Council had sold approximately 15 acres, with plot sizes ranging for one to eight acres. It was highlighted further that as an economic developer, the Council only had 1.5 years of serviced employment land available; and only one site to which a requirement at the upper end of the recent market trend could be directed. It was noted that Teal Park had raised £22m investment in 2011, with only seven acres of land now being available.

Overall, the Committee was advised that the Economic Development Commercial Property Portfolio continued to have a positive impact on the economy of the County.

During discussion, the following issues were raised:-

- The need to develop more business centres, Stamford and Grantham were suggested as potential areas. Officers advised that previous studies had been done which had identified centres across the County;
- Some concern was also raised with regard to the capacity of the business site at Market Deeping and that established businesses needed to be encouraged to move to different premises. It was noted that currently there was not enough investment from the private sector in spaces of a higher level of cost to allow for movement;

- Lack of overnight parking for lorries in the south of the County and the problems arising from that, particular reference was made to environmental health issues; and
- The cost of serviced land at different locations in Lincolnshire, with prices ranging from £80,000 in Gainsborough to £250,000 in Lincoln.

The Committee was advised that a draft copy of the report had been published, and the Committee was asked if they were happy to task officers with exploring the feasibility of establishing new employment land. The Committee agreed, and it was

#### RESOLVED

1. That the report be noted.
2. That officers be tasked with exploring the feasibility of new employment land.

#### 17 AREA REVIEW OF POST 16 VOCATIONAL TRAINING

Consideration was given to a report from Clare Hughes, Principal Commissioning Officer (LEP), which sought the views of the Committee on the economic aspects of the Area Review, in light of the Government's wish to ensure a business perspective was reflected.

Justin Brown, Commissioner for Economic Growth introduced this item and advised that the Children and Young People Scrutiny Committee would also be responding to the Area Review, focussing on opportunities for individuals.

In guiding the Committee through the report, the Principal Commissioning Officer (LEP) explained the aim of the Area Review. It was noted that the post - 16 education sector was critical to the Government strategy of raising productivity and economic growth. To do this the government believed that substantial change was required within Further Education (FE) college sector. This had been the catalyst for the 'Area Reviews.' It was noted further that the reviews would be undertaken by representatives from local and national organisations working together through a series of five meetings which would take place over a few months to agree a series of recommendations about the local structure, quantity of and quality of provision. A flow chart on page 16 of the report provided the Committee with details of the Area Reviews. Appendix A provided an information paper from the Greater Lincolnshire Local Enterprise Partnership. Appendix B provided the Committee with information relating to the outcomes of the review; how the review would happen; who will be involved in the review; timescales and boundaries for the review; other training organisations opting into the review process; skills needs analysis and preparation; and the outcomes of the review moving forward.

The Committee was advised that there was a lot of detail behind the review, and that Appendix B to the report only provided a summary of the larger document.

The purpose of the review would aim to deliver institutions which were financially viable, sustainable, resilient and efficient and would deliver maximum value for public investment. This would result in a rationalised curriculum; few, larger and more financially resilient organisations. There would also need to be sufficient access to high quality and relevant education and training for all, this would include 16-19 year olds, adults and learners with Special Educational Needs and Disabilities.

It was reported that the Employment and Skills Board was holding a meeting to focus on Area Reviews and a Greater Lincolnshire LEP working group would be meeting before the review begins, to refine the vision taking into account the views of businesses and the Board.

The views of the Economic Scrutiny Committee were sought to input into the review along with comments from the Children and Young People Scrutiny Committee.

The challenge for local businesses was to ensure that there were sufficiently skilled people to fill the 200,000 job vacancies that were predicted would be available over the next ten years. The report identified that there would be around 128,000 young people leaving school (at 18 years old) within the ten year timeframe.

To fill the gap there would be a significant number of the vacancies that would need to be filled by adults from the existing workforce who would need to be re-trained and up-skilled. The Committee noted that larger businesses were already planning for the future, but medium and small businesses were finding it hard to train staff in normal working hours; and to actually find the right type of training. The report highlighted that 90,000 employees (22% of total employment in Greater Lincolnshire) were employed by businesses with less than ten members of staff.

The report contained six business statements and the Scrutiny Committee were asked to consider statements one and five. During consideration of the two statements the Committee raised the following issues:-

- That colleges/universities rather than being financially driven needed to provide courses to meet local demand, skills and work place needs. Some debate was had as to what the role of local colleges was, some members felt that colleges/universities needed to be more proactive and approach business to see what skills were needed; others in the Committee felt that businesses should approach colleges and training providers advising them of their needs;
- That there needed to be better links with 16 year olds and the business sector. A suggestion was made for the need to re-introduce career guidance to improve the link with local businesses. One member highlighted that it was not always easy to gain access into schools. An example quoted was that the City of Lincoln Council had encountered reluctance from some schools to allow the Council to promote its excellent apprenticeship scheme. It was felt that this could be because the young people were encouraged to go to university instead, which boosted up statistics and reputation. Officers advised that this was not just a Lincolnshire issue; it was the same across the Country. Officers advised further that there were two reports recently published looking into such situations;

- A question was asked as whether automation would have an effect. It was noted that automation played a major part in the agri-food industry; and could be hampered due to a lack of engineers and designers; and
- A further suggestion was made that the introduction of Industrial Training Boards for industries such as construction, engineering etc could help with the content of courses.

The Committee were invited to forward any further comments they might have to Principal Commissioning Officer (LEP) after the meeting.

#### RESOLVED

1. That the issues relating to economic development matters be communicated to the Area Review of Post 16 Provision and FE College Institutions Members.
2. That the Executive Councillors for Development and for Children's Services agree a joint Lincolnshire County Council response to the Area Review.

#### 18 COASTAL COMMUNITY FUND BIDDING AND TIMETABLE

The Committee gave consideration to a report from Nicola Radford, Senior Commissioning Officer, Regeneration Programmes, which provided an update on the launch of the Coastal Communities Fund for England, and to raise awareness on the opportunities available to Coastal Communities through the launch of the Coastal Communities Fund round four.

The Committee was advised that the report circulated was a draft report and that an explanation would be given relating to the fact that the fund focussed on small solutions to transform communities rather than strategic projects that the County Council would traditionally sponsor.

It was reported that the Coastal Communities Fund (CCF) was aimed to encourage the economic development of UK coastal communities by awarding funding to create sustainable economic growth and jobs. It was noted that Lincolnshire County Council had attracted £250,000 in Round 1 for digital support.

It was reported further that a £36m CCF had launched on 23 May 2016, for 2016/17, with a minimum amount of £50,000 up to £4m. The Committee was advised that the Round One deadline for stage one applications had been 30 June 2016; and for Round One, Stage Two, the deadline was November 2016. The awards would then be announced in March 2017.

The Committee was advised that since the announcement of the CCF, the Council had been holding meetings with key businesses, through the Coastal Developers Forum, to pull together strategic capital bids to submit to future rounds. The key themes identified through the discussion had been infrastructure, tourism, training, and coastal cohesion.

Examples relating to previous awards were detailed in the report presented.



The Committee noted that 11 projects had been submitted, four from the private sector; four from the voluntary sector, one from a college and two from the public sector with in the Greater Lincolnshire area. It was noted further that there was no requirement to advise the Council if a business/organisation would be submitting an application. The applications submitted were commercially confidential at this stage, but the Committee would be receiving an update once the deadline had passed and the list had been collated.

In conclusion, officers advised that the deadline of 30 June 2016, had been tight for submissions, especially in cases where planning permission was required. The Committee was advised further that due to the fund becoming a fund that focussed on smaller projects, rather than strategic projects, officers asked for Committee support for the Council to take a facilitative approach rather than directly bidding themselves.

**RESOLVED**

1. That the report be noted.
2. That support be given from the Economic Scrutiny Committee to support the approach that Lincolnshire County Council is taking in this round of funding, which is to facilitate projects rather than taking a lead on them.

**19     IMPACT OF TRANSPORTATION ON MAXIMISING ECONOMIC GROWTH (ITMEG) UPDATE**

Consideration was given to a report from Andy Gutherson, County Commissioner for Economy and Place, which provided the Committee with an update on the recommendations arising from the Impact of Transportation on Maximising Economic Growth (ITMEG) scrutiny review.

It was noted that progress had been made against all the key recommendations. It was noted further that the importance of growth to delivery was recognised within the Greater Lincolnshire Devolution Deal; and that detailed work programmes were being developed to address matters including the development of an overarching strategic transport plan for Greater Lincolnshire, which would reflect the impact of the Strategic Economic Plan on transport needs.

The report provided an update on progress made against each of the ITMEG recommendations in the ITMEG report.

The Chairman on behalf of the Committee expressed thanks to Councillor Webb, Chairman of the ITMEG review and officers for their work in taking the issues raised forward.

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RESOLVED

That the continued progress towards all of the recommendations in the ITMEG report be noted.

**20**     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, which was detailed at Appendix A. The Committee was advised that there was one amendment to the programme presented, which was that Tom Blount, Director of the Lincoln Science and Innovation Park would be attending the meeting on 29 November 2016, to update members on the Lincoln Science and Innovative Park including the new Boole Technology Centre. The Committee also noted that there might be a further update on the Area Review, which potentially would be presented to either the September or October 2016 meeting.

RESOLVED

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

The meeting closed at 12.35 p.m.