North East Combined Authority, Overview and Scrutiny Committee

14 February 2017

(2.01 - 4.15 pm)

Meeting held Newcastle Civic Centre

Present:

Councillors: Armstrong, Crute, Eagle, Flux, Glindon, Graham, A Lower, Meling, S Pearson, Pidcock, Snowdon and Wright

35 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Dillon.

36 DECLARATIONS OF INTEREST

None.

37 MINUTES OF THE PREVIOUS MEETING HELD ON 14 DECEMBER 2016

The minutes of the previous meeting held on 14 December 2016 were approved as a correct record and signed by the Chair.

38 ECONOMIC DEVELOPMENT AND REGENERATION THEMATIC LEAD UPDATE

Submitted: A report of the Thematic Lead for Economic Development and Regeneration to provide Members with a progress update for the key areas within the Economic Development and Regeneration theme (previously circulated and copy attached to the Official Minutes).

Councillor Malcolm (Thematic Lead for Economic Development and Regeneration) introduced the report which provided an update on the key areas within the Economic Development and Regeneration theme including the appointment of a second Vice-Chair from the private sector for the Economic Development and Regeneration Advisory Board (EDRAB), the level of inward investment enquiries received, Trade Missions, improvements to the Invest North East England (INEE) website, MIPIM, development of an Industrial Strategy for the UK, business grants, and the refreshed Strategic Economic Plan.

Comments, questions and points raised by members

- Whether there was any additional information available about a possible new car manufacturing plant in the region, as reported in the press.

  Councillor Malcolm advised that there was no information specifically about a new car manufacturing plant, but provided an update on the status of the International Advanced Manufacturing Park (IAMP). Land assembly was

already taking place, the first contractors were expected on site in 2018 and it was hoped that the first part of the site would become operational in 2019. A number of enquiries from automotive companies had been received.

- That the stance being taken on regional involvement and participation in international trade missions and treaties was welcomed, and that it was important that information was shared with the region. A concern was raised that without having a voice at the table it was difficult to make places for the future.

  Councillor Malcolm advised that the EDRAB would continue to push the issue and that it would be raised in Leadership Board meetings.

- That the region may be hit harder than other areas by Brexit because of its strength in exporting, and whether there was any influence with Government to develop a regional strategy to address the issue.

  Councillor Malcolm advised that the Strategic Economic Plan (SEP) was being updated and the new version should be signed off by Easter, but that there was no money attached to it so Government support for the Plan would also be needed. Councillor Malcolm suggested that the Government could not ignore the North East as it was the only region with a positive balance of trade.

- It was suggested that the Committee should set out its support for Councillor Malcolm to express disappointment in the existing trade mission arrangements.

- It was suggested that part of the reason why Nissan chose to come to Sunderland was concern for the welfare of employees and their families who came to the region to help set it up, and that in seeking to attract new international investment the region should be promoting access to schools and provision of executive housing etc., in addition to financial incentives.

- Councillor Malcolm suggested that the Committee invite a representative of the North East Chamber of Commerce (NECC) to a future meeting to discuss their role in supporting delivery of key activities and the commissioning work of UKTI.

- In response to a query about the membership of the EDRAB, Councillor Malcolm confirmed that there was one representative from each of the constituent authorities, one from the LEP, one from the North East Chamber of Commerce, one from the Trade Union Congress, one from the Confederation of British Industry and one from the Federation of Small Businesses. It was agreed that officers would circulate the information to the Committee.

- Whether the lack of a devolution deal for the NECA had hindered trade.

  Councillor Malcolm advised that there was not yet any evidence that NECA had lost out as a result of not having a devolution deal and suggested that if

there are any future discussions about a deal they should focus more on what the NECA wants from devolution and less on the process.

- It was suggested that if NECA were to split there would be a problem of the authorities competing against each other rather than working together.

- A request was made for a breakdown of the skills level and sector type of the new jobs created. It was agreed that officers would circulate the information to the Committee.

- It was highlighted that the Industrial Communities Alliance was developing its own Industrial Strategy with a major event taking place in London in March 2017.

- In response to a query about whether consideration had been given to having an overseas representative with good local knowledge based in Taiwan, Councillor Malcolm advised that it would be very difficult to justify with the existing budget, and highlighted that austerity cuts had already resulted in the Brussels office being closed. Councillor Malcolm agreed that Taiwan was an important developing market and suggested that there was a whole range of countries that the NECA should be tapping into and that UKTI resources should be utilised for that purpose.

- In response to a query about which countries the foreign investment highlighted in the report had come from, officers advised that it was largely from Germany, France and the USA. In response to a query about whether UK investment was new or from other regions, officers advised that it was a mixture of both.

- That it was disappointing that Government ministers had not visited the INEE stand at the MIPIM UK event, and whether it would be helpful for the Committee to invite regional Government representatives and regional UKTI representatives to a future meeting.

  Councillor Malcolm suggested that it may be useful for a member of the Committee to attend the next MIPIM UK event in order to see first-hand how the event works and the type of people who visit the stand.

  The Chair noted that the Committee did not have a budget to cover the costs of such visits and suggested that the Chief Finance Officer be asked to clarify the position and a report brought back to a future meeting.

- It was suggested that the INEE stand had a lot of white empty space which was wasted and could instead be filled with more images to highlight the region’s assets.

- That the loss of grant funding identified in the report could have a big impact on the region, and whether lobbying Government on the issue was an option.

  Councillor Malcolm advised that lobbying was already taking place but that it was important that it continue and that it was a joint effort across the region,

and in partnership with the private sector, to put forward a single message about the money needed for skills, jobs and infrastructure. It was highlighted that there was still £500m of European funding being held by the Treasury that could only be spent in the North East, and that the LEP was in the best position to push for Government to release the money, to be spent in line with the SEP, as it was private sector led.

- Whether the region was at increased danger of losing investment to Scotland and Wales because of the loss of grant funding.

  Councillor Malcolm advised that this was a concern and that a clear example was Air Passenger Duty, which was being devolved to Scotland and Wales and could result in passengers using Edinburgh rather than Newcastle Airport if Scotland chose to scrap the Duty. There would be an impact on the region's ability to attract inward investment without access to a pot of cash to support it.

RESOLVED: That –

i. The report be received for comment and for information.

ii. The Committee confirms its support for the Lead Member for Economic Development & Regeneration in relation to the lack of accessibility and transparency on trade missions.

iii. A representative of the North East Chamber of Commerce (NECC) be invited to a future meeting to discuss their role in supporting delivery of key activities and the commissioning work of UKTI.

iv. Officers to circulate full information on membership of the EDRAB.

v. Officers to circulate information on the breakdown of skill level and sector type of new jobs created.

vi. A representative of the NECA Overview and Scrutiny Committee to attend the next MIPIM UK event.

vii. Officers to liaise with the Chief Finance Officer regarding a budget for Overview and Scrutiny activities and a report to be brought back to a future meeting.

39 NELEP LOCAL GROWTH FUND PROGRAMME

Submitted: Report of the Head of Paid Service outlining progress on economic indicators that apply to the North East LEPs Local Growth Fund (previously circulated and copy attached to the Official Minutes).

The Committee also received a presentation illustrating the types if investment projects that were being supported and their associated performance measures and targets (copy attached to the Official Minutes).

Ray Browning (Programme Manager) introduced the report and gave the presentation, highlighting in particular the information on employment benefits as previously requested by the Committee.

Comments, questions and points raised by members

- In response to a query about how performance measures were selected, Ray Browning advised that there was a menu of performance measures set out by the Government and that the LEP were able to select from that the ones that were most pertinent.

- In response to a query about the relatively high number of apprenticeship places in North Tyneside, Ray Browning advised that this was due to recent investment in Tynemet College's new engineering 'STEM' and Innovation Centre.

- Whether there was any possibility of tapping into the Apprenticeship Levy. Ray Browning advised that this was done through the colleges and that the LEP had no direct involvement in the process.

- That recent news articles had suggested that a high proportion of employers were not aware of the Apprenticeship Levy, and whether the NECA should aim to raise awareness of it and to highlight possible benefits and risks for employers. It was agreed that the item would be added to the scrutiny work programme.

- In response to a query about why there was no information about targets in the report and presentation, Ray Browning advised that there was not one common set of targets but that they were agreed separately for each project.

- How likely it is that the target of 100,000 more and better jobs would be achieved within the next 7 years, and whether there was any evidence of what the unemployment rate would be by that time.

  Ray Browning advised that significant progress had been made since the SEP was first written, and that the refreshed version to be published in March 2017 would provide an update on what had been achieved so far. It was not possible to say what the unemployment rate would be, and it was noted that the unemployment rate was difficult to compare historically because there had been numerous changes to the way in which it was calculated.

- In response to a question about the jobs forecast for 2016. Ray Browning advised that it was unlikely the target for Quarter 4 would be achieved, largely because a number of projects had started later than expected.

- Whether the refreshed SEP would be included on the Committee's work programme. Officers agreed to ensure that it was brought back to the Committee.

RESOLVED: That –

i. The report be received for comment and for information.

ii. Information on the Apprenticeship Levy to be brought back to Committee.

iii. The refreshed SEP to be included on the Committee's work programme.

40 **RULES AND PROCEDURE FOR THE OVERVIEW AND SCRUTINY COMMITTEE**

Submitted: Report of the Monitoring Officer to consult with members on the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016 and the preferred options to be submitted to the Leadership Board (previously circulated and copy attached the Official Minutes)

[Councillor Glindon left the meeting at this point]

Karen Brown (Scrutiny Officer) presented the report which asked committee to endorse the preferred options to be submitted to the Leadership Board for new governance arrangements required by the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2016.

Comments, questions and points raised by members

- It was noted that the new Order does not differentiate between Mayoral and non-Mayoral Combined Authorities.

- It was suggested that there was no reason for a change in chairing arrangements for the committee and that committee were being pushed into choosing one of two options without a clear benefit to either one.

- A concern was raised that in many authorities' opposition members have little or no experience of chairing committees and so may find it difficult to step in to the role.

- It was unanimously agreed that the preferred option for chairing arrangements was to have an "appropriate person", but that a statement should be drafted on behalf of the committee, in consultation with the Chair and Vice Chair, to the effect that members were endorsing the new arrangements under compulsion of the Order and not in agreement with it.

- Concerns were raised about where the additional money would come from to pay for a new Scrutiny Officer post, about where the officer would be located and about what resources they would have. It was suggested that it would be a more appropriate arrangement to have within a Mayoral Combined Authority with devolved funding.

Viv Geary (Monitoring Officer) advised that the Chief Finance Officer had been made aware of the requirement and that some provision had been made within the budget and that officers would update the committee on the new arrangements as soon as possible.

It was agreed that the committee's reluctance to change existing scrutiny officer arrangements should be noted alongside the recommendation to Leadership Board.

- It was noted that the working group had requested information be brought to the committee on the latest developments with devolution and the future of the Combined Authority.

  It was agreed that an extra meeting of the Scrutiny Committee should be arranged, to be held before the next scheduled meeting, and that the Chair of the Leadership Board and one Vice Chair (North Tyneside) should be invited to discuss future of the Combined Authority following the decision of the Leadership Board not to proceed with the devolution deal.

RESOLVED: That –

i. The Scrutiny Committee endorsed the proposals of the working group and endorsed the option of an appropriate person as the chair of the NECA Overview and Scrutiny Committee.

ii. A statement to be drafted on behalf of the Scrutiny Committee that scrutiny members were endorsing new chairing arrangements under compulsion of the Order, and not in agreement with it.

iii. Officers to provide the Scrutiny Committee details of the new working arrangements for the NECA Scrutiny Officer as soon as possible.

iv. An extra meeting of the Scrutiny Committee to be arranged, to be held before the next scheduled meeting, and the Chair of the Leadership Board and one Vice Chair (North Tyneside) to be invited to discuss the future of the Combined Authority following the decision of the Leadership Board not to proceed with the devolution deal.

41 **POLICY REVIEW: TRANSPORT RELATED BARRIERS TO EDUCATION, EMPLOYMENT AND TRAINING**

Submitted: Report of the Monitoring Officer considering the conclusions of a policy review on transport related barriers to education, employment and training following consultation with the Transport North East Committee (previously circulated and copy attached to Official Minutes)

Karen Brown (Scrutiny Officer) presented the report which set out the conclusions of the policy review on transport related barriers to education, employment and training and confirmed that the Transport North East Committee had considered the report and had welcomed its findings.

RESOLVED: That the Scrutiny Committee endorsed the final report and referred it to the Leadership Board for consideration.

42 **FORWARD PLAN AND SCRUTINY WORK PROGRAMME**

Submitted: Report of the Monitoring Officer on the Forward Plan for the current 28 day period and the revised and updated Scrutiny Annual Work Programme for 2016/17 (previously circulated and copy attached to Official Minutes).

Viv Geary (Monitoring Officer) presented the report which provided committee with the opportunity to consider the items on the Forward Plan and to endorse the revised and updated Scrutiny Annual Work Programme for 2016/17.

RESOLVED: That –

i. The Scrutiny Committee accepted the Forward Plan and work programme report.

ii. The work programme to be updated to include a discussion with the North East Chamber of Commerce, a report on the Apprenticeship Levy, and an additional meeting of the Scrutiny Committee prior to 28 March 2017.

43 **DATE AND TIME OF THE NEXT MEETING**

Tuesday 28 March 2017 at 2:00pm; to take place in Sunderland.

An additional meeting of the Scrutiny Committee to be arranged (date and time to be confirmed) in advance of 28 March.