

NORTHUMBERLAND COUNTY COUNCIL

CORPORATE SERVICES AND ECONOMIC GROWTH OVERVIEW AND SCRUTINY COMMITTEE

At a remote meeting of the **Corporate Services and Economic Growth Overview and Scrutiny Committee** held on Monday, 11 January 2021 at 10.00 am.

PRESENT

Councillor D Bawn
(Chair in the Chair)

COUNCILLORS

Beynon JA
Cessford T
Grimshaw L
Parry K
Robinson M

Roughead GA
Seymour C
Simpson EM
Swithenbank ICF

OFFICERS

Angus K

Executive Director of HR and OD and
Deputy Chief Executive

Bowers H
Hand C

Democratic Services Officer
Executive Director of Finance and
Section 151 Officer

Hunter P
Lally D
MacLoughlin J

Service Director, Human Resources
Chief Executive

McMillan S
Nicholson S
O'Farrell, R
Smith H

Executive Director, Regeneration,
Commercial & Economy
Assistant Service Director
Scrutiny Coordinator
Service Director, Policy
Regeneration, Programmes &
External Funding Manager

ALSO PRESENT

Crosby B
Oliver N

Cabinet Member for Corporate
Services

Sanderson G
Stewart G
Wallace R
Wearmouth R

Leader of the Council
Deputy Business Chair

Cabinet Member for Economic
Development

75. MINUTES

RESOLVED that the minutes of the meeting of the Corporate Services and Economic Growth OSC held on 9 November 2020, as circulated, be confirmed as a true record and signed by the Chair.

76. DISCLOSURE OF MEMBERS' INTERESTS

Councillor Robinson declared an interest in agenda item 10 and would leave the meeting whilst the item was being discussed.

Councillor Roughead declared an interest in agenda item 5 as he was a member of the North of Tyne Authority and Chair of the Scrutiny Committee which were the accountable body for NEP.

Councillors Oliver, Seymour and Wearmouth declared an interest in agenda item 5 as they were substitute members of the North of Tyne Authority.

77. FORWARD PLAN OF CABINET DECISIONS

Members received details of forthcoming reports to be considered by the Cabinet. (Schedule enclosed with the signed minutes as **Appendix A**).

RESOLVED that the information be noted.

OVERVIEW

78. COVID 19: ECONOMIC RECOVERY IN NORTHUMBERLAND

Reports to the Committee in July and November outlined the Council's approach to Covid-19 response and recovery, detailing actions, outcomes and progress on recovery plans. Members requested a further update on economic recovery. The presentation sets out the latest position regarding the key economic data (including unemployment, vacancies and business confidence) and an update to support businesses, set out in the overall strategy for economic recovery, and outlined the key strands of the economic recovery strategy and update on progress.

At the Committee's request, Alan Welby, Director of Innovation of the LEP and Henry Kippen from the North of Tyne had been invited to discuss the recovery in a regional context. (Presentation attached as **Appendix B**)

Phillip Hunter, Service Director and Sarah McMillan, Assistant Director, provided and overview on economic recovery:-

- In October, 10,965 people claimed unemployment benefits in Northumberland. This was a slight decrease from September, but overall represented an increase of 62% since March 2020.
- Just under 6% of the population aged 16-64 in Northumberland claimed unemployment benefits in October.

- The number of unemployment claimants as a proportion of residents aged 16-64 in Northumberland remained lower than that in England, the North East LEP and North of Tyne Combined Authority regions.
- It was expected that next quarter data, post-Christmas would be most difficult, with an impact on hospitality and tourism.
- There had been positive news before Christmas with a trade deal which had been agreed.
- A key indicator in business confidence was a high percentage in accommodation and food services industries with no cash reserves at 7%.
- Vacancies – there were 7,482 jobs in Northumberland for the period April – November 2020 which was 3% less than the same period in 2019.
- In October, the unemployment to vacancy ratio was 8.5, and in October last year was 6.7
- There was a clear plan and investment to drive economic growth, the recovery from Covid-19 to ensure all communities benefitted from this growth.
- A significant investment package delivering around 8,000 jobs into our communities.
- Rural and coastal areas had been hit harder by the pandemic due to the reliance on tourism. As had more deprived communities.
- There were significant opportunities in Northumberland to drive growth in areas of strategic importance particularly in clean and green energy, manufacturing and life sciences.
- Alongside immediate support for the economy through the extension of the furlough scheme and grant support for businesses.
- Grants for businesses.
- Grants included the Local Restriction Support Grant for businesses forced to close over the 4-week national lockdown in November and subsequent periods of local and national restrictions. The Council had already paid out over £9 million and the number would increase.
- A new set of grants had been announced by Government in January and guidance was awaited.
- A key area of opportunity for the authority came in the investing in the transition to a new economy through clean energy and green growth via building
 - International assets at Northumberland Central Energy and the Offshore Renewable Catapult
 - A cluster for companies operating in the offshore energy which had been recognised as a strategic strength by the North of Tyne Authority
 - Manufacturing opportunities for investment opportunities in key development sites
 - A proactive Blyth Energy Central Partnership with a joint vision for the Blyth Estuary.
 - And the opportunities around Blyth linked to wider skills agenda and town regenerations which all support wider narrative.
 - Freeport proposals to facilitate the trade of goods through and around the Port of Blyth and attract wider investment in the area.
- Culture and tourism and the Borderlands investment would underpin approaches to rural economy and growth, particularly by improving digital connectivity.

- Transport – the Northumberland Line was a strategic programme to develop major economic infrastructure at stations and station development including Ashington, Bedlington, Blyth, Seaton Delaval and North Tyneside
- Strategic road improvements at A19 Moorfarm roundabout and dualling of the A1
- Jobs, skills and livelihoods – post Covid there would be challenges of unemployment and it was important to ensure programmes were in place to support businesses and people via skills, apprenticeships and training with an Education Challenge to support young people in schools.
- A Kickstart programme was in place with colleagues from the North of Tyne Combined Authority which allowed businesses to offer work placements to young people who were unemployed. Business Support programmes to support Covid needs of business and specific rural support and regional work being carried out to secure finance for evergreen investment funds.
- Investment in a Green Recovery which included:
 - Low carbon heat networks
 - Great Northumberland Forest
 - Renewable Energy
 - Electric Vehicle Charging
 - Green Homes

Councillor Wearmouth thanked the officers for their presentation and reported that the county was in a positive position and the Authority needed to make sure there was a robust economy post Covid.

Henry Kippen, North of Tyne referred to the impact on the economy at a national level with a 7% increase in unemployment expected by the summer. There had been a high level of furlough in the North of Tyne and a 60% rise in enquires in benefits in the first 3 months. There were opportunities with the potential inward investments and recovery work needed to be proactive. Partnership working was being carried out with Cabinet members.

North of Tyne Authority had made available a £5 million Covid Response Fund and a £10 m recovery innovation deal. Tangible projects included offshore investment, the Northumberland Train Line and the Culture and Creative Recovery Fund as well as the Skills Programme based on devolution of the adult skills programme.

Alan Welby, Director of Innovation LEP reiterated previous comments and referred to strong partnership working. Northumberland's USP was a combination of factors, eg quality of life would become more significant and the shift in change by land use, and the opportunity to grasp new methods and models of new enterprise. Construction sectors would also play a significant bigger role.

He reported that Government was still working through the response at place level and the Combined Authority needed to be project ready and take advantage of the levelling up fund. He further reported that the Freeport opportunity was a national bid and a strong piece of work was being pulled together for a regional bid. It was important to build a strong case to Government which would be a strong mechanism for the broader North East.

In response to questions the following information was provided:

- Vacancy numbers were compiled from Jobcentre Plus. The level of vacancies had stayed quite significant.
- The Authority's Unique Selling Point was the amount of land and space. There was a lot of interest in Northumberland in relation to tourism, business and cultural assets. A lot of work had also taken place on investment strategy, eg rural, coastal and train line corridors.
- The reference to Blyth was noted and it was important that people were aware of where the area was and completely linked in.
- Northumberland was uniquely placed in AgriTech and was an exemplar for devolution. The creation of the Great Northumberland Forest would help move towards a carbon neutral UK, whereas it would be more challenging for Newcastle and Tyneside to become net zero.
- There were two major regional digital projects with Northumberland being the main beneficiary. Faster fibre would be installed into public buildings acting as a hub connecting homes and businesses within the area. There was also a Broadband voucher scheme through Borderlands topped up from NCC budget. Because of the rural nature of county, connectivity was particularly difficult. It was also important to give people skills to use digital technology.
- The potential for a Freeport at Berwick would bring displacement and would be unsustainable as it would not meet Government requirements in relation land requirement and water depth.
- Dialogue was taking place with Chambers of Trade where they existed and also engagement with businesses for feedback. The better the Council was informed, the more they could act on it
- In relation to local industrial strategy, Mr Welby reported that there was no clarity whether the Local Industrial Strategy would be re-invigorated and discussions were ongoing at a LA7 level around a further devolution deal. As the Government had postponed the Comprehensive Spending Review, there had been delay on the Devolution White Paper which was expected sometime during the year. Pipeline projects needed to be developed for any prospective deals or national competition. In terms of strategic approach, a lot of fundamentals were there, and some priorities would need to be re-visited. As soon as there were any further information, he would be happy to come back to the back to the Committee
- Compared to some authorities, the Combined Authority was small as an area, but still had the ability to innovate and had demonstrated leadership; the degree of investment to transition of industries was national in scale. Regarding, East Coast mainline, the points were noted around pressure and capacity on the upkeep of the East Coast Main line and although not solely the responsibility of the Authority, the issues were supported. Regarding social infrastructure, mental health and wellbeing and the relationship between economic growth and the health and wellbeing of the population, this was now more important than ever and the joint statement with DWP and joint skills plan was a priority and covered in the Economic Recovery Plan

Juliemma McLoughlin, Executive Director, Regeneration, Commercial & Economy and Councillor Wearmouth also informed the Committee of the challenge for the LEP in creating rural jobs in sparse areas and it was hoped the new Chair of the LEP would support this agenda.

A lot of work had been carried out on the North East Transport Plan and it was hoped to expand the Northumberland Line with additional stops, as well as improvements to Moor Farm Roundabout. The East Coast main line connectivity and capacity was also important and evidence had been submitted to the Union Connectivity Review regarding this. It was also hoped to see some development on the dualling of the A1.

Councillor Roughead requested that his thanks to Henry Kippen be recorded, as without him and his team, the bid would not have been able to be put forward.

RESOLVED that the information be noted.

79. INCOME GENERATION

At the November meeting of the Committee, members requested details of income streams generated by the Council over the last three financial years. The report provided information on sale, fees and charges generated and collected by the Council, covering the last three full financial years, 2017-18, 2018-19 and 2019-20 and information regarding sales, fees and charges in the current financial year 2020-21. (Report attached as **Appendix C**).

As a result of Covid-19, the Council had been unable to generate the level of income expected for the financial year when the budget for 2020-21 was set in February 2020.

The report highlighted a summary of income by Service area over the last three years as shown on the table on page 3.

As Covid-19 had impacted the ability to generate revenues in several areas, eg, car parks, waste charges and building regs. The government launched a compensation scheme for lost income relating to sales whereby local authorities absorbed the loss of the first 5% with 75% of the balance being reimbursed.

The scheme had three number of principles as follows:

- The income was transactional income from customer and client receipts which was generated from the delivery of goods and services which was budgeted for in 2020-21.
- The income must have been unavoidably lost and not been able to be recovered in this financial year.
- Compensation was based on net losses, whereby the Council had been able to reduce expenditure. Compensation would be provided to mitigate the net budget gap which irrecoverable service income losses had created in the Council's balanced budget set before the start of the year.

The Council was required to submit three returns in the financial year. The first return had been submitted for just over £1.5 million. Appendix 1 set out in detail the income received in the previous three years.

Members were informed that the scheme has recently been extended to the first quarter of next financial year.

In response to questions the following information was provided:

- The increase in parking charges was largely due to increase in traffic in tourist hot spots and coastal car parks.
- The Supervision fee, reflected non re-current receipts.
- A breakdown could be provided of sundry details.
- A presentation of the Budget would partly reflect Service charges. The Council would always take a more prudent approach. It was hoped that there would be less pressure on adult social care in the longer term.
- With reference to investment income - a short summary of the Treasury Management Report could be pulled together. These were reported to Audit Committee in the Quarterly Finance Reports. The updated Policies and Procedures would be presented to Full Council in February for approval

RESOLVED that:-

1. Members note the report.
2. The estimated compensation of £2.045 million that the Council estimates it will receive for 2020-21 from the government's compensation scheme for lost sales, fees and charges be noted.

80. REPORT OF THE SCRUTINY COORDINATOR

Corporate Services and Economic Growth Overview and Scrutiny Committee Work Programme and Monitoring Report

Members received the committee's work programme and monitoring report for the 2019/20 council year. (Report enclosed with the signed minutes as Appendix D.)

As there was a significant number of agenda items for the next Corporate Services and Economic Growth Overview and Scrutiny Committee, an additional meeting would take place on Friday 5 February at 10:00 am.

RESOLVED that the work programme be noted.

81. DATE OF NEXT MEETINGS

The next meetings would be held on Friday, 5 February 2021 at 10:00 am and Monday February at 2021 at 10:00 am.

(Councillor Robinson left the meeting at this point).

82. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

- (a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following item on the Agenda as it involves the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- (b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item	Paragraph of Part I of Schedule 12A
10	3 - Information relating to (the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure would prejudice Advance Northumberland's ability to negotiate with partners and give its competitors a commercial advantage.

SCRUTINY OF CABINET REPORTS

83. REPORT OF THE CHIEF EXECUTIVE

Bedlington Town Centre Redevelopment

The report provided details of the revised proposals and costs for the redevelopment of Bedlington Town Centre, which were required due to the impact of the Covid 19 pandemic had on the commercial viability of the original proposals. And to approve the Council's financial contribution as part of a wider package which is required to enable to redevelopment of the town centre to be undertaken by Advance Northumberland. (Report attached as **Appendix E**).

Members were informed of the updated position regarding the town centre and of the revised way forward for phases 1 and 2 of the redevelopment.

The proposals to provide a leisure offer around the site had not yet been developed, but it was intended that this would be progressed over time.

Discussion took place around the repayment of the loan by Advance.

The committee requested that the revised loan agreement between the Council and Advance is shared with the Chair and Vice Chair prior to issue.

RESOLVED to: advise the Cabinet that the Committee supports the recommendations contained in the report.

Chair _____

Date _____