NORTHUMBERLAND COUNTY COUNCIL

CORPORATE SERVICES AND ECONOMIC GROWTH OVERVIEW AND SCRUTINY COMMITTEE

At a meeting of the **Corporate Services and Economic Growth Overview and Scrutiny Committee** held in the Committee Room 1, County Hall, Morpeth, NE61 2EF on Monday, 9 August 2021 at 10.00 am.

PRESENT

Councillor D Bawn
(Chairman in the Chair)

COUNCILLORS

Beynon, J.	Oliver, N.
Dunn, E.	Robinson, M.
Jackson, P.	Taylor, C.
Murphy, M.	Wallace, A.

OFFICERS

Angus K	Executive Director of HR and OD and Deputy Chief Executive
Lally D	Chief Executive
Greally R	Assistant Democratic Services Officer
Masson N	Monitoring Office
Mitchell A	Director of Corporate Governance
Nicholson S	Scrutiny Co-ordinator
Willis J	Executive Director of Finance (Section 151 Officer)

ALSO PRESENT

Sanderson, H.G.H.	Leader of the Council (items 1-4)
Ploszaj, W.	Portfolio Holder for Business
Richardson, A.	Chairman of the NHS Trust
Riley, C.	Executive Director of Communications and Corporate Affairs, NHS Trust

16. APOLOGIES FOR ABSCENCE

Apologies were received from R. Wearmouth.

17. MINUTES

RESOLVED that the minutes of the meetings of the Corporate Services and Economic Growth Overview and Scrutiny Committee held on 12 July 2021, as circulated, be confirmed as a true record and signed by the Chairman.

18. FORWARD PLAN OF CABINET DECISIONS

The Forward Plan of forthcoming Key Cabinet decisions was reported to the Committee. (Report enclosed with the signed minutes as Appendix A).

RESOLVED that the Forward Plan of key decisions be noted

19. ADVANCED PROPULSION CENTRE UK

Julian Hetherington, Director of Automotive Transformation gave a detailed presentation about the work of the Advanced Propulsion Centre. The presentation detailed the research, development and production of low carbon propulsion technology. It gave information regarding opportunities and challenges that may be faced with producing the technology within the county.

The Deputy Leader thanked the Advance Propulsion Centre and commented on their professionalism and for their feedback on the project over the past 12 months.

Mr. Hetherington responded to questions and comments raised as follows:

- The supply chain could be encouraged to locate into the county. It was anticipated that as technology and demand changed and evolved companies would be looking to expand. Some materials were already produced in the UK such as electrolytes. If there were advances in low-cost energy and energy prices decreased, it would be advantageous to make high commodity materials in the UK and a number of the materials would lend themselves to being co-located with a battery factory. There were several areas of the supply chain which were desirable and could be advantageous to locate on the same site. Anode and cathode were most desirable to co-locate due to the similarities in production and expansion size with a battery plant.
- Northumberland would need to support the skills agenda as it was a new industry but could benefit from transferable skills from former industries. A skills development programme would have to be developed with investors for all skills levels. Further land should be made available at a reasonable cost for future expansion and assisting with planning to match the time determined ambition given by investors and continuing with the positive environment already created. Advanced Northumberland and the Local Authority had responded positively and it was encouraging to see a

recognition of the national agenda being enacted at a local level. It has been a productive partnership to get to this stage.

- Certain industries could be at risk as low carbon propulsion technology expands. However, where plants were at risk it was anticipated that many workers in existing industries had transferable skills and could move over to battery plant production with some training. There could be a shift from manufacturing metals to other newer technologies. Battery manufacturing is where most of the replacement jobs from engine manufacturing would come from.
- Some raw materials cannot be sourced from the United Kingdom due to the geology. There were some raw materials that could be found such as lithium and nickel. There was a heavy reliance on Asia to process materials currently, however there were a number of resources that could be found in the UK. Most of the components that were on the critical supply chain path could be sourced through secure routes in the UK and the wider European area. A plan needed to be laid to illustrate security of supply to future investors. The Government was also keen to make trade deals with other countries that had resources to support the battery production such as Australia.
- Long distance HGV's were an interesting challenge as too many batteries were required and too much payload was sacrificed. Different energy vectors were being looked at to overcome these challenges such as fuel cells. Fuel cells may be beneficial in this sector and several companies developing them were already in the UK. There were good opportunities for fuel cell manufacture in UK as there was the demand as well as Government strategy for renewable energy.
- He could not comment on the department of transport policy regarding incentives to HGV fleets, but the Government were looking at the future of the heavy duty sector moving forward.
- As it was a new industry, they were a lot of emerging and developing technologies. Fuel cells were beneficial but due to all the components probably would not be used in low-cost everyday vehicles. The biggest opportunity for advancement was within the battery technology.
- As the case was under assessment there was an inability to make comments regarding investors, however it was recognised that there would be a significant proportion of private investment needed.
- The UK had a very good industrial safety track record with world leading standards. Several battery factories had been established across Europe where there had been no incidents which would raise safety concerns. They operated in incredibly well controlled environments. The track record for battery manufacturing in the Western world was very good.
- With regard to the future energy supply, members were advised that there were technologies that were ready to be used which could provide resilience to the grid, for example, the UK was a world leader in wind energy production.
- An electric vehicle was significantly more environmentally friendly than a regular vehicle regardless of the production process over the life of the car. The CO2 production was double to produce an electric car however it would overcome that deficit early on in its lifetime. Where more components and materials of battery production were localised, the deficit would be overcome earlier in the car's lifetime. Off-road sectors were being worked with to

become electrified whilst mining for materials needed in battery production where the vehicle would charge itself going down the hill and use the charge to drive back up the hill. This resulted in battery production becoming greener.

- Discussions with other potential inward investors were ongoing, but details could not be disclosed due to commercial confidentiality.
- Battery life was considered for figures when looking at the CO2 emissions produced during production. Batteries were lasting longer than initially anticipated. The research and development projects were looking into how to extend battery life. Also, there were industries emerging around second life batteries where the old batteries were being broken down into components and given a second life elsewhere.

The Chair reiterated the members thanks to Mr Hetherington and commented on the informativeness of the presentation. He agreed with members' suggestion that a further presentation could be made to full Council as the development at Blyth and subsequent associated economic benefits were progressed.

RESOLVED that the presentation and members comments be noted

20. WORK PROGRAMME

The Committee received an update on its Work Programme for the 2021/22 council year.

RESOLVED that this information was noted.

21. URGENT BUSINESS

Dissolution of the Council's Partnership with Northumbria Healthcare/ Proposed Partnership for 0-19 Public Health Services - Consultation

The Chairman agreed to consider this item as urgent business following concerns raised by a member arising from discussion of the above reports at the Health and Wellbeing OSC on 2 August 2021.

The Chairman had invited the Leader of the Council, the Cabinet Member for Adult Wellbeing and representatives from Northumbria Healthcare NHS Foundation Trust. The Leader had to leave the meeting early for personal reasons and the Cabinet Member was unavailable. Professor Alan Richardson, Chairman of the Trust and Claire Riley, Executive Director of Communications and Corporate Affairs at the Trust were in attendance.

The Chairman advised the Committee that members had previously been briefed on the Council's position regarding the proposal to dissolve the partnership but felt that it was necessary for them to have the opportunity to ask questions of the Trust.

- The Vice-Chair voiced her concern that the Leader of the Council was not present and it had been her preference that the Leader and Portfolio holder

be available to take questions from the Committee, which would offer members a balanced view, rather than hearing only from the Trust.

- Members raised concerns about the conflicting information received to date from both parties regarding who wanted to terminate the partnership. The Partnership had been highly regarded for many years and the reason behind the termination had not been made clear.

- Members suggested there were numerous risks to the termination of the partnership, but questioned particularly the corporate and financial risk to the Council. Financial analysis had been requested from the Council at the meeting of the Health and Wellbeing meeting on 2 August 2021.

- members voiced concerns about the value of the partnership and felt the termination was going to affect patients and residents in Northumberland.

In response, Professor Alan Richardson, Chairman of the Northumbria Trust informed the Committee that he had been pleased with the partnership, proud of what had been achieved and wanted the arrangements to continue, but the Trust's Board had reluctantly chosen to terminate that partnership due to governance issues and concerns regarding future progress. He stated that he wanted to meet with the Council to explore how the arrangements could continue, particularly as the staff of both organisations worked well together.

In the absence of the Leader and the Portfolio Holder the Chief Executive Officer sought permission of the Chairman to address the Committee and to direct questions to the representatives of the Health Trust. The Chairman agreed.

Mrs. Lally also voiced concerns that officers had been left to answer question regarding this when the Leader and portfolio had been invited to attend the meeting. Referring to Professor Richards comments, she sought clarification on whether the Trust was withdrawing their notice of termination to the Partnership, as there had been no indication of this recent meetings with Executives of each organisation. Since the formal notice of termination in February, the Council have worked with services and staff to ensure a safe transfer for future arrangements. The matter of governance had been raised privately with the Trust's board and confirmed that the Council had robust measures in place to comply with governance issues.

During meetings with the Trust, Mrs. Lally had proposed innovative models based on a more community based approach within services, which had been well received by the Chairman, however shortly after the notice of termination was received which came as a shock. There had since been numerous joint meetings which discussed the termination and mapped out how services and staffing was going to look going forward, how the Council would meet statutory functions and what the financial implications would be.

Mrs. Lally was therefore clear that discussions had already been had with the Trust culminating in the current position and expressed doubt as to the effectiveness of further discussions. She reported that informal Cabinet met on a weekly basis and the Leader had been fully briefed on the arrangements and supported them. The

Council continued to assess risks and were focussed on putting in place arrangements to ensure a smooth transfer of services.

Members expressed concern at the appropriateness of the Trust, having issued a notice of termination, then in this public meeting declaring that it did not want the termination to have taken place. It was felt that there were other mechanisms that could have been used to prevent the termination. Members also felt that the Committee needed to be confident that the senior personnel in the partnership were able to work collaboratively.

Professor Richardson confirmed that he attended the meeting to answer questions from members. The Trust regretted issuing the notice, but it was due to differences in the direction the partnership was going and that there was no assurance of working collaboratively moving forward. The pride of the partnership and work carried out with the Council was reiterated. He stated that not all of the Trust's work was centred around hospital beds and work had been done in the Community also. The suggestion that the notice could be withdrawn would be a matter for the Board, but he felt it would respond strongly by questioning whether the progress that it had originally sought, could be achieved.

Members noted that patients and residents had received a holistic approach to health and social care and expressed concern that services may diminish if the partnership was terminated.

Mrs Lally reiterated that the Trust has received repeated reports concerning governance at board meetings and any concerns were on oversight on the Trust's behalf. She was disappointed that discussions appeared to reflect badly on staff who worked in the Services. In response to suggestions that elected members had not been fully informed regarding issues around the partnership, she stated that a Council report was presented to, and supported by, the previous administration which included the requirement of a fund for Adult Social Care transition. The Health and Wellbeing OSC had received reports regarding staff transfers and the terms and conditions. Until the transfers had been finalised the financial analysis would not be able to be finalised.

Although the Committee was disappointed that the Leader and Cabinet Member had not been available to respond to the issues raised, members agreed that it would be desirable if the partnership could continue. Councillor Oliver therefore proposed the following recommendation, seconded by Councillor Beynon:

> **"*that the Cabinet be recommended to direct officers of the Council to meet officers of the Trust to determine whether a practical solution can be achieved to salvage what is an excellent relationship*"**

and on being put to the vote:

> For – 7
> Against – 2

was agreed.

RESOLVED that

(a) the information provided by the representatives of the Trust and the responses provided by the Chief Executive be noted, and

(b) the Cabinet be recommended to direct officers of the Council to meet officers of the Trust to determine whether a practical solution can be achieved to salvage what is an excellent relationship.

22. EXCLUSION OF PRESS AND PUBLIC

RESOLVED that

(a) 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) 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
9	3 - Contains information relating to business affairs of any particular person (including the authority holding that information).
AND	The public interest in maintaining the exemption outweighs the interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person/organisation, and could adversely affect commercial revenue

23. ADVANCE NORTHUMBERLAND

Jan Willis, Executive Director of Finance and 151 Officer presented this report which updated members on the governance arrangements of Advance Northumberland. (Report enclosed with the signed minutes).

Following the presentation, the Committee sought clarification on issues regarding future business planning, the impact of the pandemic on revenues and asset values and staffing roles.

The Committee also requested that it received regular updates on the operation of Advance Northumberland and that its representatives be invited to attend meetings to respond to member questions and comments.

RESOLVED that

(a) the report be noted, and
(b) further updates be presented to the Committee.

Chairman _____

Date _____