

To be submitted to the Council at its meeting on 17 September 2020

# SPECIAL ECONOMY SCRUTINY PANEL

# Tuesday, 11th August 2020

# Present:

Councillor Furneaux (in the Chair)

Councillors, Cairns, Freeston (substitute for Callison), Harness, Hasthorpe, Sheridan and Wilson

# Officers in attendance:

* Anne Campbell (Scrutiny and Committee Advisor)
* Simon Jones (Chief Legal and Monitoring Officer)

# Also in attendance:

* Councillor Fenty (Portfolio Holder for Regeneration, Skills and Housing
* Councillor Jackson (Leader of the Council and Portfolio Holder for Greater Grimsby Town Deal)

# SPE.21 APOLOGIES FOR ABSENCE

Apologies for absence from this meeting were received from Councillor Callison.

# SPE.22 DECLARATIONS OF INTEREST

 Councillor Fenty declared a personal interest in SPE.23, Councillor Fenty is a member of the Humber Local Enterprise Partnership (HLEP).

 Councillor Jackson declared a personal interest in SPE.23, Councillor Jackson is a member of the Greater Lincolnshire Local Enterprise Partnership (GLLEP).

# SPE.23 CALL-IN: LOCAL ENTERPRISE PARTNERSHIPS

 The panel considered a call-in on a decision made by Cabinet on 15th July 2020 regarding the above. The Chair invited the proposer, Councillor Patrick, to outline the rationale for the calling-in of Cabinet’s decision.

 Councillor Patrick did not reiterate the content of the call-in but added that local and national economies were extremely fragile. This was for a number of reasons not least following the huge impact of COVID-19 and possibly harder times were still to come. Nationally, there had been an announcement that there were three quarters of a million people fewer in paid employment than before the pandemic. Hence it was essential that the authority put itself in the best position to support the local economy, LEP membership was a crucial part of that. He acknowledged that when LEPs were first brought about it was wholly supported that NELC would sit on both the GLLEP and HLEP as this was clearly the best outcome for the borough. Now the Government requires that all councils having membership of more than one LEP choose the be a member of just one. Councillor Patrick was incredibly disappointed at how this key decision had been handled by the administration. The evidence base within the cabinet report was wanting. Referring to a statement within the report now submitted at paragraph 1.5, there was no rationale, evidence or supporting information as to why GLLEP was the best choice for North East Lincolnshire’s future economic prosperity and long term interests. He felt unique industries of NEL, in ports, logistics and the renewables industries were more relevant to the Humber and he would like to see compelling evidence to justify the borough “turning its back” on those industries. He asked whether Associated British Ports, Orsted and other big employers had been consulted with. Councillor Patrick had undertaken some research to establish that in terms of headline figures; NELC had received £13.5m from HLEP and £5.5 m from GLLEP in funding key projects. Whilst he appreciated this important decision could not be based on funding alone, it did raise the bigger issue of which LEP would secure the best future for NEL. He stressed he was not predetermining nor saying that this was not the right decision. But there had been no openness, transparency or evidence to support this decision.

 In response to the Chair, Mr Jones confirmed that the call-in was valid having been seconded and signed by Councillor Goodwin who was not present at the meeting.

 In response to the call-in the Leader of the Council welcomed this opportunity to discuss cabinet’s decision and the reasons behind it. He shared Councillor Patrick’s concerns about the local economy. All elected members wanted to do the best for the local economy, local people and local jobs. The Leader reiterated the historic dual membership arrangements which were unilaterally supported by North East Lincolnshire Council members but confirmed that these arrangements could not continue. There was increasing pressure by central Government to rationale LEP membership and this matter would have been required to be resolved whosoever was in control of NELC. On that basis a decision had to be made and it was a binary choice; NELC would either be in the GLLEP or HLEP. He assumed that any call-in on cabinet’s decision to be in the GLLEP to refer the matter to council could only be arguing that NELC should be in the HLEP and that HLEP was the preferred option. The leader would outline the significant rationale for the decision to remain with GLLEP as the debate went on but the main one was that this arrangement would align with the direction of devolution. He referred back to his speech to full Council on 31st July 2020 where he advised members that NELC were back in discussions with Government about a Greater Lincolnshire devolution deal and a Mayoral combined authority. He stated it would be perverse to be in discussions with Government about a Greater Lincolnshire devolution deal yet be a member of HLEP. The Leader reminded members that the Lincolnshire devolution deal was supported by the two major political parties of NELC back in 2016 at a meeting of full Council. He assured members that he and Government ministers had agreed that if NELC was purely a member of GLLEP, there needed to be assurance of robust collaboration arrangements around the Humber in the key areas of business and industry especially around areas of common interest such as energy and decarbonisation and potential for freeports. This included the management of the Humber estuary assets which would include dealing with flood risks. Another important area for collaboration would be external investment marketing around energy, decarbonisation and freeports. The Leaders of the four unitary authorities around the Humber have been engaged in discussion about those robust collaborative arrangement and making sure that any such arrangements would also be acceptable to Government. In response, the Humber Leadership Board has become more active with proposals to amend its terms of reference to allow it to become the collaboration vehicle for activity around the Humber. He added that the two LEPS were now, after many years of acting alone, communicating and collaborating together on matters in recognition of the future and to discuss transition arrangements ahead of the change. Discussions were already taking place about to put forward a robust and successful bid for freeports around the Humber. The Leader added that this work negated Councillor Patrick’s comment that “NELC was turning its back on the Humber”, on the contrary, it would ensure that collaboration remained strong. Regarding funding, he stated it was difficult to compare the two as the local industrial strategies of the two LEPS have dovetailed rather than overlapped. The HLEP industrial strategy could be argued to be more applicable to some of our key industries which has resulted in NELC being able to bid for more funding. This was simply due to the scope of HLEP’s local industrial strategy. He stressed that in future, funding for the South bank of the Humber would in future be included in GLLEP and in recognition of the GGLEP was reviewing its industrial strategy to more encompass the business and industrial areas that are important to the South bank of the Humber; that is North and North East Lincolnshire. He drew the panels attention to the draft GGLEP industrial strategy which was currently out for consultation and drew many references to NEL’s local plan and the Council’s ambitions aims for growth. It covered, at length, the food sector which was arguably more relevant in Lincolnshire than the North bank. Also of note were references to Grimsby’s seafood processing sector, the ‘Made Great in Grimsby’ brand and innovation and productivity in the food processing industry. There was emphasis on energy, decarbonisation, off-shore wind and hydrogen. There was mention of Lincolnshire’s ports; Immingham, Grimsby and the freeport agenda with associated reference to the need for improved infrastructure by way of upgrading of the A46 and improvements to road and rail connections. Last but not least was an accent on the visitor economy which was important in relation to Cleethorpes which and its association with tourism across the whole of Lincolnshire.

 Members raised the following issues:

 Regarding the funding figures from the respective LEPS. The Leader reiterated that it was not easy to quantify this figure, largely because of the differing focus of the respective two industrial strategies. He agreed with Councillor Patrick that for the HLEP this was around £13.6m. However, in respect of the GLLEP he justified a figure of around £15m that would directly benefit NEL, summarising that the two LEPS were comparable in funding terms. In addition and of important consideration was the £9.2m GLLEP Regional Development Fund (RDF) smarter energy programme which was managed and administered by NELC.

 Members commented that some of the projects included in the Leader’s calculations were projects within the borough of neighbouring North Lincolnshire Council.

Councillor Wilson spoke in support of the call-in and deemed it an opportunity to consider the economy of NEL and the direction of travel. It was thought that the decision had been pre-determined by Cabinet on political bias rather than evidence-based analysis and / or consultation. Referring to the earlier Greater Lincolnshire devolution deal, previously supported by the Labour Group of NELC, it was stated that the Government’s new proposals for a devolution deal across Lincolnshire were very different to those previously supported. Any future consideration would necessarily involve further analysis and consultation to determine the best outcome for the area. This had not been done, or if it had the process had not been open, transparent or inclusive. It was acknowledged that the GLLEP may well be the best approach for NEL, but there was a lack of considered, collaborative and analytical justification to rationalise Cabinet’s decision. Hence it was argued that the matter should be referred to full Council for proper debate. It was also suggested that the panel constitute a select committee to enable proper scrutiny and challenge of evidence.

Members opposing the call-in feared that some councillors wanted the borough “back in Humberside” which was not supported.

Regarding claims that the decision was pre-determined, the Portfolio Holder for Regeneration, Skills and Housing assured the panel that the decision was well worked out, fully considered and all details had been taken account of. He thought the GLLEP was the best possible collaboration for NEL. He stated that the decision was a holding position, in the context of devolution and elected Mayors. He also feared that should NELC fail to make a choice in this regard; the ultimate decision may be made for us. The focus must be on the industrial strategy and ensuring that NEL secured the best possible outcomes. He thought that NEL had greater synergy with the GLLEP’s industrial strategy. He stressed that NELC would always collaborate with its partners on the North Bank of the Humber estuary. Governance already exists and this would be further developed and enhanced. He was of the opinion that NEL could link all of its strengths and its synergy with GLLEP’s industrial strategy and continue to enjoy the linkage to NEL’s industrial strategy preserving that which was of most importance; petrochemical, chemical, renewables and food. On balance, he stressed that the authority was not being ‘bounced’ into GLLEP; the matter had been carefully determined.

Members in support of the call-in were strongly opposed to suggestions the call-in was a means to rekindle a return to ‘Humberside’. Councillor Sheridan considered the call-in was a proper procedure to ensure thorough debate on a crucial matter for the borough. Whether or not Cabinet had seen any advice, information or analysis; no other elected members had seen that evidence to support the decision made. This scrutiny panel should have been heavily involved in the decision making process, especially given the importance of the subject. It was of no less importance than devolution and yet non-executive members had not had an opportunity to look at the justification for the choice. The need for NELC to choose between HLEP and GGLEP had been well known for some time and yet here was an urgent decision, not allowing proper scrutiny. In response to a query about urgency, the Chair advised that there would be an overlap period whereby the two LEPS would continue with NELC until March 2021. The Leader confirmed that the authority was being urged to make a decision, notwithstanding the additional costs of being involved with two LEPS. This point was reinforced by Portfolio Holder for Regeneration, Skills and Housing.

It was then proposed by Councillor Wilson and seconded by Councillor Sheridan that the matter be referred to full Council for debate.

Councillor Harness in opposing the call-in reiterated the necessity for the authority to determine its preferred LEP. It was accepted that should devolution go ahead GLLEP would be the preferred choice. In terms of evidence in support of the choice. Members were reminded that the South bank of the Humber, inclusive of Northern Lincolnshire, had unrivalled potential; two oil refineries, a steel works, food town status, renewables, an enviable engineering pedigree that included chemicals and petrochemicals, two major ports and a seaside visitor economy. Plus a successful local airport serving the off-shore rigs. All elected members could be proud of the South Humber Industrial Investment Programme bringing new employment opportunities into the area. The South bank had nothing to fear in leaving HLEP.

In reply, Councillor Wilson urged caution reminding the panel that plans for a Greater Lincolnshire Devolution Deal had previously fallen and could do so again. No evidence existed to guarantee that a devolution deal would go through. It was the primary role and function of this panel to scrutinise, challenge and determine what was, based on evidence, best for the borough going forward.

Upon a show of hands this proposal was lost. (two for, five against).

It was then proposed by Councillor Hasthorpe and seconded by Councillor Cairns that cabinet’s decision be released for implementation. Prior to the vote the Chair invited members to respond.

In reply, Councillor Wilson commented that releasing this decision, without due scrutiny was bad for the decision-making process of this Council, bad for scrutiny and amounted to the panel acting as a rubber stamp for Cabinet’s decision. He urged councillors to consider the future of evidence-based scrutiny in NELC. The Chair countered that all due process had been followed in that a valid call-in had been properly debated by the panel with proposals seconded and voted upon.

Upon a show of hands this was carried (five for, two against).

RESOLVED – That cabinet’s decision be released for implementation.

There being no further business, the Chair declared the meeting closed at 7.20 p.m.