



To be submitted to the Council at its meeting on 18<sup>th</sup> July 2024

## **ECONOMY SCRUTINY PANEL – SPECIAL MEETING**

**19<sup>th</sup> December 2023 at 6.30pm**

### **Present:**

Councillor Freeston (in the Chair)

Councillors Cairns, Holland, Hudson, Sandford, Wilson and Wheatley.

### **Officers in attendance:**

- Anne Campbell (Scrutiny Advisor)
- Paul Evans (Assistant Director Infrastructure, Housing, Highways and Transport)
- Damien Jaines-White (Assistant Director Regeneration)
- Maggie Johnson (Head of Economy and Funding)
- Simon Jones (Assistant Director Law and Governance)
- Ian King (Equans – Space Planner)
- Michelle Lalor (Head of Communications and Customer)
- Guy Lonsdale (Deputy Section 151 Officer)
- Claire Thompson (Strategic Lead - Insights NEL)
- Paul Thorpe (Equans – Operations Director)

### **Also in attendance:**

- Councillor Harness (Portfolio Holder Finance, Resources and Assets)
- Councillor Jackson (Leader of the Council and Portfolio Holder Economy, Net Zero, Skills and Housing)
- Councillor S Swinburn (Portfolio Holder for Environment and Transport)
- Councillor Downes

There were four members of the public present.

## **SPE.41 APOLOGIES FOR ABSENCE**

There were no apologies for absence received for this meeting.

## **SPE.42      DECLARATIONS OF INTEREST**

There were no declarations of interest received in respect of any item on the agenda for this meeting.

## **SPE.43      QUARTER 2 COUNCIL PLAN RESOURCES AND FINANCIAL MONITORING REPORT**

The panel considered a report from the Portfolio Holder for Environment and Transport on the above.

Members raised the following issues:

Regarding fluctuations in budget variance, Mr Lonsdale explained that the report was a 'snapshot' with influences and impacts changing quickly, for example, inflation, insurance, energy costs, interest rates, debt finance costs, business rate appeals and the financial settlement. There was a constant refresh of estimates and forecasts.

Concerning the £8m depletion in reserves and whether this would worsen, Mr Lonsdale confirmed that reserves had reduced significantly in response to challenges. An important element of the next round of budget preparations was to contribute to reserves. Quarter 3's report would likely see improvements in this position. Pressed by the Chair around addressing these issues, Mr Lonsdale explained that the organisation had a 'structural deficit'. The council continued to see an increase in council tax base and the number of properties. The financial settlement from government was received yesterday and the new homes bonus had improved. However, he stressed that the demands around social care must be managed. It remained the council's strategy to further grow the tax base.

Regarding a project management skills gap in the authority, Mr Lonsdale advised that the council had invested in capacity, and this was starting to show results. The council's current capital programme was the largest for many years and this was a challenging environment.

Mr Lonsdale advised that new homes bonus was a government funding stream and a funding formula (recently cut back by central government) to reward local authorities for building new homes. It was a relatively small fund which amounted to £0.7m for the period 2023/24, which would be paid in 2024/25.

Questioned about reserves, Mr Lonsdale described the different types of reserves and how the authority balanced its level of risk with adequate reserves. He explained the council needed to reduce spending to become sustainable. He referred again to the aforementioned 'structural deficit'. Mr Lonsdale went on to

emphasise the need to invest in reserves to manage risk, stressing that all movements, investments and borrowing were normal. The treasury management strategy contained all relevant details and was regularly scrutinised by the Audit and Governance Committee.

Referring to financial and performance RAG (red/amber/green) ratings and a perceived variability, it was agreed that a written response would be provided to members before the next scheduled meeting.

In response to questions about sale of buildings and land, Mr Lonsdale advised that approximately £2m of sales had been achieved to date taking into account those close to completion. It was anticipated that the target of £9m would be achieved taking into account the recent sale of Pioneer Business Park. Mr Lonsdale confirmed that planned sales at South Humber Industrial Investment Project (SHIIP) had relieved the pressure from this target.

Regarding additional funding for Corporation Bridge, the Portfolio Holder for Environment and Transport advised that the £300,000 funding was part of the Town's Fund allocation which included a lighting system to Corporation Road Bridge and other schemes.

In response to questions about empty homes, Mr Evans confirmed that reducing the number of empty homes remained a priority. Progress was being made, although it was sometimes difficult to enforce. Mr Lonsdale added that the council tax premium on empty homes was changing from 24 months to 12 months which should help to bring more empty homes back into use.

The following matters were taken away for a written response:

- Reprofiling of spending for heritage assets at risk.
- Flexible use of capital receipts.
- Planned highways programme slippages.
- Numbers of prosecutions on fly-tipping.

RESOLVED – That the report and members' comments be noted.

## **SPE.44      LOCAL PLAN REVIEW – DRAFT PLAN WITH OPTIONS**

The panel considered a report from the Portfolio Holder for Environment and Transport on the above. The panel noted this report would be considered by Cabinet at its meeting to be held on 20 December 2023 and was submitted to this panel for pre-decision scrutiny and comment. Mr Jaines-White advised that this report provided information on the review of the North East

Lincolnshire Local Plan. This draft plan with options marked the first formal statutory consultation stage in the preparation process and provided an opportunity to review potential options to be taken forward in the updated local plan.

At the request of the Chair, Mr King shared the methodology of the review, including the role of consultants, issues to address, elements to change and key issues of housing, economic development and employment.

Ms Thompson described the engagement strategy and process. The council had over 5000 individuals on its consultation list, plus 500 organisations. All of whom would be contacted directly. Engagement would also be achieved via service users, social media, press, drop-in sessions, and focus groups with young people and colleges. Engagement sources would be tracked to identify any gaps with a view to targeted action. Mr King explained that anonymous responses could not be recorded and it was acknowledged that this may deter some people. However, the portal for public comment was now more user friendly. Mr Jaines-White added that whilst the statutory period of consultation for a local plan was six weeks, the North East Lincolnshire consultation period was a full 8 weeks starting 15 January 2024. This would include two formal sessions where scrutiny (elected) members could engage with the process.

Members raised the following issues:-

In responding to a concern from a member, Mr King stressed that rural communities were included in the draft local plan along with urban and estuary areas.

Whilst officers were able to explain the difference in two statements and figures regarding housing requirements, this was not explicit in the draft plan. A member felt this clarification should be included in the plan.

It was suggested that the local plan should include a comprehensive glossary of all technical terms and acronyms used therein.

Officers were sympathetic to members' concerns about the number of affordable homes being developed. Mr King explained that increasing the numbers was a major challenge that could not be met through planning policy alone. The biggest issue being that of viability. The council continued to work with local affordable housing providers. Other factors making the viability test harder still; included revised building regulations, the 50% rise in construction costs since the start of the pandemic, changes to drainage requirements, stark increases in developers' costs, and biodiversity net gain.

In response to concerns about consultation questions and how accessible the consultation document was to the general public, Mr King advised that the wording and questions were consistent with national policy and must stand up to inspection at the appropriate stage in the process. Mr Jaines-White acknowledged members' fears and highlighted the opportunity for laypersons to submit questions on the draft plan. He also reassured members that plans were in place to provide an appropriate introduction and help with any jargon and technical terms which needed to be used in the draft plan.

In response to member's question about reducing the risk of loss, death or injury due to transport accidents or crime, Mr Thorpe advised that this information was linked to the Local Transport Plan and was benchmarked with similar local authorities.

#### RECOMMENDED TO CABINET

1. That, within the legal framework, the technical terms and phrases within the public consultation document be made more accessible and user friendly.
2. That the recommendations to Cabinet within the report now submitted be supported, namely;
  - i. Approving the publication of the Draft Plan with options set out in appendix A.
  - ii. Delegating authority to the Executive Director for Place and Resources, in consultation with the Portfolio Holder for Environment and Transport, to commence the requisite consultation exercise.

#### **SPE.45 CALL-IN – REFURBISHMENT OF CORPORATION ROAD BRIDGE GRIMSBY**

The panel considered a formal request from Councillors Holland and Downes to call-in the above decision of Cabinet.

Councillor Holland described the rationale for the call-in being; for scrutiny to be assured that project management had been carried out to a satisfactory standard; for scrutiny to be assured that the forecast project delays were reasonable in the given circumstances; to enable scrutiny to obtain answers as to why the causes of delays were 'unforeseen'; for scrutiny to be assured that the contracting and procurement process had been carried out fairly and in line with standard public sector practice; to garner public confidence in the competent delivery of major projects; for scrutiny to understand such items of additional funding being sought such as 'compensation events agreed to date but not implemented'; for scrutiny to assess whether the statutory requirement to provide good value for money was

evident and finally to be assured that Principle F of the Local Code of Corporate Governance within the Constitution: 'Managing risks and performance through robust internal control and strong public financial management' was being complied with. Councillor Holland called for a scrutiny panel investigation via a working group or select committee to be established to review the adequacy of management of this project to date. Furthermore, to make recommendations as required for the tendering, procurement and management of future projects of similar economic and reputational impact as a policy development.

Prompted by the Chair, Mr Evans suggested that information on the governance of projects be forwarded to members for further information. He stated that the authority, contractor and project board had all learned from this experience.

The Portfolio Holder for Environment and Transport acknowledged Councillor Holland's professionalism and assured him that he had challenged many of the issues raised on a weekly basis. He too was frustrated with the situation as it stood but he was confident, following many meetings with the Leader of the Council and the contractors, that the present circumstances were unforeseen. He had taken advice, listened to officers and experts and was in contact with businesses in the area. A project management team was in place. Lessons had been learned.

Councillor Wilson disagreed with Councillor Holland's reasoning. He stated that in major projects problems not foreseen can be unearthed and that was what the contingency money was for. However, in this case the project spent the contingency before the project began, even though it was requested for an assessment of projects due to high inflation in the construction sector.

It was proposed by Councillor Hudson and seconded by Councillor Sandford that the call-in be rejected and that Cabinet's decision be released for implementation. This was carried.

The panel agreed that information on the governance of projects should be forwarded to members of the panel for further information.

**RESOLVED –**

1. That Cabinet's decision be released for implementation.
2. That information on the governance of projects be forwarded to the panel for further information.

It was agreed that remaining items on the agenda be withdrawn as they were not now required.

There being no further business, the Chair declared the meeting closed at 8.26 p.m.