

Overview and Scrutiny Committee

APPROVED MINUTES

16 July 2018

(10.02 - 11.58 am)

Meeting held Committee Room, County Hall Durham, County Durham DH1 5UQ

Present:

Independent Members: D Taylor-Gooby (Chair) S Hart (Vice-Chair)

Councillors: J Eagle, S Graham, R Dodd, G Kilgour, D Snowdon, P Hunt and A Ellison

1 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Crute (Durham), Patterson (Durham), Lower (Newcastle), Glindon (North Tyneside) and Flynn (South Tyneside).

The Chair confirmed that the meeting was not quorate and that any decisions taken would therefore be ratified at the next meeting.

2 DECLARATIONS OF INTEREST

Councillor Eagle declared an interest as an employee of Nexus and informed Committee that dispensation had been granted for him to take part in discussions of transport related items but that he would not be voting in decision making.

3 MINUTES OF THE PREVIOUS MEETING HELD ON 15 MARCH 2018

The Committee reviewed the minutes of the previous meeting held on 15 March 2018 and those present agreed their accuracy.

RECOMMENDED – That the minutes be formally approved at the next meeting of the Committee.

Matters arising:

Minute 36 – Minutes of Inquorate Meeting 5 February 2018

Helen Golightly, Head of Paid Service, gave a verbal update on recent developments with North of Tyne Devolution proposals.

The Committee were advised that the Leadership Board had met on 26 April to consider a report on devolution and had approved recommendations to enable and allow the three North of Tyne authorities to set up a Mayoral Combined Authority, to

amend the boundaries of NECA so as to remove the North of Tyne local authority areas, and to set up Joint Transport Committee. Since then a Deed of Cooperation had been developed and signed by all seven authorities. Within the previous few days an updated draft of the Order had been released by Government, and once all seven authorities were comfortable with it the Secretary of State would be notified and formal consent to the Order given. The aim was for this to take place before the summer parliamentary recess. Set up of the new arrangements was likely to take place in September, but this could not be confirmed. Until such time as the new Order came into effect the Committee would continue as usual.

4 **THEMATIC LEAD UPDATE REPORT FOR ECONOMIC DEVELOPMENT AND REGENERATION**

Submitted: Report of Thematic Lead for Economic Development and Regeneration (previously circulated and copy attached to Official Minutes).

Councillor Iain Malcolm (Thematic Lead for Economic Development and Regeneration) introduced the report which provided an update on the work of the Economic Development and Regeneration Advisory Board (EDRAB) over the 2017/18 municipal year and an overview of the Department of International Trade activities delivered by the North East England Chamber of Commerce (NEECC). The report also provided an updated on the work of Invest North East England (INEE) and the Committee were advised that there was a commitment to keep this going after the creation of the North of Tyne Combined Authority.

Julie Underwood (International Trade Director, North East England Chamber of Commerce) presented an update on the delivery Department for International Trade (DTI) activities by the NEECC, including the delivery structure and activities and examples of export wins by local authority areas.

Guy Currey (Director, Invest North East England) presented an update on inward investment activities and an overview of the model of operation used by INEE.

In response to comments, questions and points raised by Members the following was noted:

- In response to questions from Members about the accuracy of job creation figures, officers advised that business parks were planned with a certain floorspace capacity in mind which in turn informed the projected figures for job creation within them. The approach taken by INEE in calculating job creation from inward investment project wins was to take figures directly from companies' announcements as to the numbers created over the next three-year period. This was in line with Department of International Trade methodology. It was not an exact science and there could be no certainty on the exact number of jobs created. It was highlighted that money from the public purse did not go to fund new business parks if they were just displacing jobs from elsewhere, it was a requirement that there must be new jobs created and robust evidence of this had to be provided. Retail figures were not included.

- It was important to engage with young people before the age of 16 in order to steer education and career choices, and within South Tyneside universities and colleges were engaging with primary and secondary schools around this. It was suggested that the success of this approach should be monitored and considered for wider implementation in the region.
- The USA was the number one export market for the North East, followed closely by Germany. The major exports to the USA were goods and services. Overall, 62% of goods exported from the region went to the EU. It was highlighted that Nissan exports were not included in the figures quoted as they were covered by data published by HMRC.
- The UK Shared Prosperity Fund would be an important source of funding for the region going forward and lobbying around allocation would continue with Government and with regional MPs. There was the possibility of a Cabinet meeting being held in the region later in the month and this would provide an additional opportunity. A Government consultation was expected in the Autumn, and it would continue to be a key issue on EDRAB's work programme over the following year. It was noted that it was not yet possible to predict the final outcome of Brexit, but that there would be opportunities as well as challenges and it was important to be open-minded about this.

Members queried whether the region should be aiming for more in terms of what it got back from the EU in light of the trade deficit. Councillor Malcolm advised that it was always wise to ask for more but that there was no guarantee the Government would listen. It was also highlighted that while North East exports were currently higher than imports the gap was closing, and that this presented a challenge in terms of negotiations. The Committee were advised that cross-party support for the negotiations would be welcomed.

- The original Strategic Economic Plan (SEP) target for jobs was to create an additional 100,000 jobs, 60 per cent of which would be 'better' jobs. Those targets were reviewed in 2016/17. Given the uncertainty around Brexit it was decided not to change the target for job creation, but the target for 'better' jobs was increased to 70 per cent.
- The biggest challenge to productivity in the region was the skills gap. Businesses looking to relocate needed to have confidence that the right skills were available to meet their needs. It was also important to make sure that transport connectivity was in place to enable people to get to where the jobs were, as was happening with the International Advanced Manufacturing Park (IAMP). Employers based on the IAMP would also be encouraged to offer skills training in local areas, demonstrating to job seekers that there were opportunities available to them. The Committee were advised that the four business opportunity areas outlined in the SEP were chosen specifically because of their potential to help close the productivity gap.
- Members expressed concern that a reduction in the number of skilled people migrating to the UK could result in the North East losing talented people to London to replace them. Officers advised that there were a large number of

people studying in the region and that it was important to try to retain those graduates. The region was already able to offer high quality living conditions, but also needed to have high level jobs for graduates to move into.

RECOMMENDED – That the Overview and Scrutiny Committee noted the contents of the report.

5 **DIGITAL CONNECTIVITY UPDATE REPORT**

Submitted: Report of Chair NECA Digital Leads (previously circulated and copy attached to Official Minutes).

Steve Smith (Chair of the NECA Digital Leads Group) presented the report which provided an update on the Digital Connectivity workstream including work to increase the availability of superfast broadband as part of the BDUK national programme and work to ensure that the region was well placed to be able to access future digital connectivity such as full fibre, 5G and the Internet of Things.

The Committee were advised that there were difficulties in achieving full coverage of superfast broadband in the region. In part this was due to cost, as there was a cap on the level of public subsidy permitted in areas that fell outside of the national State Aid umbrella. There were also issues with the installation of full fibre connections, recommended by Government as the best long-term solution, as it was very difficult to retrofit and developers could not be forced to install full fibre connection in new developments at the construction stage.

A number of bids were in development for the next wave of the Department for Digital, Culture, Media and Sport (DCMS) Local Full Fibre Networks (LFFN) funding, and local authorities were sharing thinking on this in order to ensure that the bids submitted from within the NECA area were complementary.

Alan Welby (Innovation Director, North East LEP) gave an update on development, testing and future rollout of 5G infrastructure.

In response to comments, questions and points raised by Members the following was noted:

- Officers were not able to advise on the figures for full fibre connection in new developments within specific local authorities, as they only had access to the regional figure. As a region the North East had the lowest level of full fibre infrastructure installed in new developments in 2017.
- Members queried why there was reluctance from developers to provide full fibre connectivity in new homes. Officers advised that an example of a reason given by a developer was that having a box with flashing lights in the living room would spoil the look of the home and be off-putting to buyers. Homes could be retrofitted but the cost of this was in the region of £8-£30 per house. Many developers thought this too expensive and refused to bear the cost.
- Lobbying was taking place to make changes to the National Planning Policy Framework to make it a condition that full fibre broadband was installed at the

construction phase – Government needed to have clear evidence of the need to make it a condition within the Framework and there had been pushback from developers on the importance of broadband connection compared to water, gas and electricity. In the meantime a lot of work was taking place to explore what could be done through regional local plans.

- For rural areas where fibre connections could prove to be very difficult and expensive to install there had been some success with deployment of satellite or wireless connections. The drawbacks of this were that while 4G connections could be fast they were short range, and that it was not seen as being an equitable product as the cost per month was much higher than for a fibre connection.
- In response to a question about conversion from superfast to ultrafast broadband, officers advised that Full Fibre to Cabinet (FFTC) solutions could be easily converted and could be done on a wholly commercial basis by the operator but would be short range and only properties within 300-350 metres of the cabinet would benefit. In order to change to a Full Fibre to Premises (FFTP) connection there would be significant additional cost and logistical difficulties as new cabling would need to be installed all the way to each individual property.
- Members expressed concern that isolated communities often housed some of the most vulnerable residents and that it was worrying that their ability to connect to superfast broadband seemed to rely on the whim of a developer. Officers advised that any support the Committee could provide in lobbying developers to provide connection would be welcomed.
- Members highlighted that lack of connectivity or poor connectivity would be detrimental to economic development.
- 5G would be a step-change in terms of multi-channel, ultra-fast mobile and wireless technology which would be able to handle data quicker and with faster reaction times and could transform how people interact. It would enable machine to machine communication which would in turn allow technology such as automated cars to operate. It would also be a secure way of transferring information. NECA was making a bid for funding under the DCMS 5G Testbeds and Trials programme.

Members queried whether 5G could be used to provide assistive technology for the frail and elderly. Officers advised that there were opportunities using 5G to develop and install machines that could monitor and assist and could alert the authorities to any abnormalities in a person's daily routine.

RECOMMENDED – That the Overview and Scrutiny Committee noted the contents of the report.

6 **NECA FORWARD PLAN AND SCRUTINY WORK PROGRAMME**

Submitted: Report of Monitoring Officer and Policy and Scrutiny Officer (previously circulated and copy attached to Official Minutes).

Nicola Laverick (Policy and Scrutiny Officer) presented the report which provided Members with an opportunity to consider the items on the Forward Plan for the current 28 day period and discuss items for the Work Programme for 2018/2019.

The Committee's attention was also drawn to a review of the 2017-2018 work programme and of decision making over the previous 12 months. Members were advised that there had been a large number of late requests for items to be added to the Forward Plan, and in order to address this the procedures for amendment and addition to the Forward Plan had been tightened and a Notice of General Exception established in accordance with the Decision Making Protocol.

The Committee were advised that the Decision Making Protocol had been approved by the Leadership Board and that training was to be provided for officers to ensure that it was understood.

In response to comments, questions and points raised by members the following was noted:

- It was highlighted that the work of the Committee should be driven by its Members, and as such Members were encouraged to submit any suggestions for additions to the work programme.
- Members agreed that they would like to look more closely at the issue of digital connectivity, particularly for social housing. It was agreed that this should be added to the work programme and a more in-depth report requested, and that Members should also review the position within their own local authorities in advance of further discussion by the Committee.

RECOMMENDED – That:

- i. The Forward Plan, Work Programme 2018/2019 and NECA Decision Making Annual Report be received and comments noted.
- ii. The changes made to the Decision Making Protocol that was approved by the North East Leadership Board on 19 June 2018 be noted.
 - i. A review of Digital Connectivity, with a particular focus on social housing, be added to the work programme at an appropriate time and a more in depth report requested to support this.
 - iii. Members to review their own authorities position with regards to Digital Connectivity in advance of further discussion by the Committee.

7 DATE AND TIME OF THE NEXT MEETING

Thursday 20 September 2018 at 10.00am.

8 EXCLUSION OF PRESS AND PUBLIC

RESOLVED – That by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 press and public be excluded from the meeting during the consideration of agenda item 9 (Confidential minutes of the previous meeting held on 15 March 2018) because exempt information was likely to be disclosed and the public interest test against the disclosure was satisfied.

9 CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING HELD ON 15 MARCH 2018

It was agreed that a review of the accuracy of the confidential minutes and discussion of any matters arising should be deferred to the next quorate meeting of the Committee.

RECOMMENDED – That the confidential minutes of the previous meeting be considered at the next quorate meeting of the Committee.