

ECONOMIC GROWTH SCRUTINY PANEL

THURSDAY 27 JULY 2017 AT 10.00AM

PRESENT: Councillors Nedved (Chairman), Betton, Mrs Birks (as substitute for Councillor Mrs Coleman) Bowditch, Burns, Christian, McDonald and Mitchelson.

ALSO

PRESENT: Councillor Glover – The Leader
Councillor Mrs Bradley – Economy, Enterprise and Housing Portfolio Holder
Councillor Ms Quilter - Culture, Heritage and Leisure Portfolio Holder
Mr Brown (Environment Agency)
Mr Lawton (Environment Agency)
Mr Kelsall (Carlisle Flood Action Group)
Mr Milne (Carlisle Flood Action Group)

OFFICERS: Deputy Chief Executive
Corporate Director of Economic Development
Investment and Policy Manager
Overview and Scrutiny Officer

EGSP.01/17 APOLOGIES FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Mrs Coleman.

EGSP.02/17 DECLARATIONS OF INTEREST

There were no declarations of interest affecting the business to be transacted at the meeting.

EGSP.03/17 PUBLIC AND PRESS

It was agreed that the items of business in Part A be dealt with in public and Part B be dealt with in private.

EGSP.04/17 MINUTES OF PREVIOUS MEETINGS

RESOLVED – 1) That the minutes of the meetings held on 20 April 2017 and 15 June 2017 be signed by the Chairman.

With reference to Minute EEOSP.38/17 (Environment and Economy Overview and Scrutiny Panel 15 June 2017) - Kingmoor Park Enterprise Zone – Implementation Update, a Member thanked the Corporate Director of Economic Development for her written response relating to the signing of the Memorandum of Understanding (MoU) having not been signed by the Accountable Body. The Member sought clarification that the written response had indicated as the Department for Communities and Local Government had accepted the MoU, and in legal terms the document was deemed to have been signed, therefore, the MoU was permissible.

The Corporate Director confirmed that she had undertaken discussions with the relevant bodies on that matter, and that as detailed in the letter the MoU had been accepted by the Department of Communities and Local Government.

In response the Member expressed strong concerns that such a document had been deemed acceptable, it was his view that public bodies ought to be exemplary in their processing of such important documentation. He stated his intention to pursue the matter further with the relevant organisations.

The Member further sought assurance that the necessary due diligence had been undertaken in respect of the Enhanced Capital Allowances. The Chairman considered that the undertaking of due diligence in respect of this matter to be of the utmost importance.

The Corporate Director responded that Boards of both the Enterprise Zone and Local Enterprise Partnership were likely to wish to be assured that due diligence had been properly conducted with respect to the Enhanced Capital Allowances.

EGSP.05/17 OVERVIEW REPORT AND WORK PROGRAMME

The Overview and Scrutiny Officer presented report OS.16/17 which provided an overview of matters relating to the work of the Economic Growth Scrutiny Panel.

The Overview and Scrutiny Officer reported that the most recent Notice of Executive Key Decisions, copies of which had been circulated to all Members, had been published on 30 June 2017. There were no items within the Panel's remit included in the Notice.

Section 3 of the report detailed the changed name and identified the areas which had been lost and gained from the Panel's remit. The changed remits had been implemented to better align the Council's scrutiny function with its senior management structure.

Appendix 1 outlined a number of Work Programme ideas for the Panel in the coming municipal year.

In response to an invitation from the Chairman for a focus on the organisation's service priorities to help guide the Panel's development of its Work Programme, the Corporate Director provided an overview of a number of areas of work within her directorate, she indicated that the St Cuthberts Garden Village project and the Heritage Assets Plan were key areas of work. In addition she noted that the Panel may wish to include the Local Enterprise Partnership and the Borderlands Project into its Work Programme for the coming year.

She commented that it was important that the Panel gave consideration as to how best scrutiny was able to add value to these areas of work.

The Deputy Chief Executive noted that Appendix 2 of the report illustrated a number of different types of scrutiny, he felt that the Panel required a balance of those various types.

In considering the items for Work Programme Ideas for Economic Growth Scrutiny Panel 2017/18, Members raised the following questions and comments:

- Was there an economic development aspect to car parking provision?

The Corporate Director responded that there were two aspects to car parking provision: budget monitoring and service delivery. The delivery of the service was an important part of the functioning of the city and therefore was a consideration in the economic development of the district.

- Were there plans to constitute a Cross Party Member's Working Group to scrutinise the development of the St Cuthberts Garden Village?

The Corporate Director responded that the Garden Village project was a long term and crucial area of work for the Council. She considered that scrutiny of the development of the project and ensuring relevant monies were spent correctly would be key to the overall success of the project.

In terms of governance structures it was anticipated that a Cross Party Working Group would be set up along with a Strategic Board and an Officers' Board, arrangements for which would be made at an appropriate time within the duration of the project.

The Chairman commented that the Cross Party Working Group set up to scrutinise the Local Plan had worked well and that it had fed back to the Panel, he felt that the Panel wished to have continued involvement in this area. He asked how issues such as the Community Infrastructure Levy (CIL) and Supplementary Planning Documents (SPDs) would be progressed and how the Panel was able to be involved in this work.

The Investment and Policy Manager advised that the government was currently considering implementing changes to the operation of CIL, a decision on the matter was anticipated in the Autumn Statement.

In respect of the SPDs consideration needed to be given as to when in the process of the development of the documents scrutiny would be able to add most value to the work, for example, at the drafting stage or following any consultation exercises.

The Corporate Director suggested that the particular timings of reports on those issues be addressed through the Chairman's Briefing process.

The Chairman agreed and requested that those items be added to the Panel's Work Programme.

- Was the Heritage Assets Plan an area which would benefit from scrutiny via a Task and Finish Group?

The Corporate Director responded that the newly appointed Regeneration Officer would be picking up this area of work in the future, it was unlikely that a programme for this area of work would be outlined before 2018. The Corporate Director undertook to follow this matter up.

- How would the various strategies and plans, detailed in Appendix 1, be linked up.

The Corporate Director explained that there were strong linkages and inter-relationships between the documents, with the Economic Strategy being the over-arching document. Once the draft Economic Strategy had been composed identification of the links to the other strategies and plans would be more readily identifiable.

The Deputy Chief Executive proposed that, for the purposes of clarity, the Panel be provided with working definitions of each of the documents. He suggested that the information be circulated via the Scrutiny Officer. The Chairman agreed the proposal and commented that it would be useful for the information to be circulated in good time.

- A Member requested that a monitoring report on Section 106 Agreements be added to the Panel's Work Programme.

The Corporate Director agreed the proposal.

The Deputy Chief Executive commented that the Panel may wish to consider adding education and skills, and housing to its Work Programme.

The Panel undertook a detailed discussion on the importance of education and skills to the economic development of the city and its previous scrutiny of the subject. It was agreed that these items be included in the Panel's Work Programme for the year.

A Member proposed that the Chairman and Scrutiny Officer liaise to develop the Panel's Work Programme in light of the comments made above, and present a developed programme to the next meeting of the Panel.

RESOLVED – 1) That the Overview Report incorporating the Work Programme and Key Decision items relevant to this Panel (OS.16/17) be noted.

2) That Chairman liaise with the Overview and Scrutiny Officer to develop the Panel's Work Programme in light of the Panel's comments detailed above, and that a further draft work programme be submitted for consideration to the Panel's meeting of 7 September 2017.

3) That the Overview and Scrutiny Officer circulate a list of working definition of the plans and strategies detailed in the Panel's Work Programme.

EGSP.06/17 FUTURE FLOOD RISK MANAGEMENT

The Chairman welcomed Mr Brown, (Environment Agency), Mr Lawton (Environment Agency), Mr Kelsall (Carlisle Flood Action Group), Mr Milne (Carlisle Flood Action Group).

Mr Brown submitted the report Future Flood Risk Management and delivered a presentation to the Panel covering: the work undertaken by the Environment Agency (EA) following the December 2015 floods; the process for appraising the flood risk management options; the Business Case process for drawing down available government funding for flood management schemes; the developing options for flood management and the factors included in selecting the most suitable option for dealing with an identified problem; the various types of works (temporary and advanced) likely to be undertaken to install further flood risk alleviation measures along with a prospective timetable for implementation.

Mr Brown informed the Panel that in order to draw down funding from government to install further flood prevention and alleviation measures in the county, the EA was required to submit a Business Plan to government detailing its proposed projects and measures along with costings. He stressed that, notwithstanding the December 2015 floods, Cumbria was not considered a special case by the government, and the Agency was one of many public bodies from across the country applying for funding, with applications being assessed against a government framework.

Individual flood prevention measures were assessed individually and in combination against four key areas: technical justification; financial justification; social acceptability, and sustainability. Potential projects were longlisted and following the testing process a shortlist was devised which formed the basis of consultation with the public.

In terms of projects in the Carlisle area, consideration was being given to: raising existing defences at key locations; improvements to existing scheme post SPR; Increase conveyance at key pinch points and structures; A689 (western city by-pass), West Coast Main Line Eden (Network Rail), A7 Eden Bridge, West Coast Main Line Caldew Network Rail and Caldew Bridge on the Caldew, and Botcherby Bridge on the Petteril; additional storage at Durrhill Beck, and options around Parham Beck and Gosling Syke. The Agency had publicised these plans at a number of public meetings held in the district in July 2017.

Mr Brown advised the Panel that Carlisle Flood Action Group had submitted a detailed written response to the proposals outlined above which the EA was happy to discuss with the Group in full and consider the points raised.

The Chairman thanked Mr Brown for his presentation.

In considering the report and presentation Members raised the following questions and concerns:

- A Member noted that the government had announced £25 million pound of funding available for flood projects in Carlisle, he asked what main projects had been delivered with this funding, and whether the level of funding was sufficient.

Mr Brown responded that the funds were available and that the monies had been ring-fenced by the Treasury, however, the development and submission of a Business Case for projects was a pre-requisite of drawing down the funding. He added that it was likely that additional funding would be required, both from government and other parties such as private sector bodies directly benefitting from particular projects, such as infrastructure improvements.

In response to a further question from the Chairman regarding the timeline for the submission of Business Cases to government, Mr Brown indicated that it was expected that the Business Case would be submitted in mid to late spring 2018. He noted that previously the EA had indicated submission would occur in November 2016, Mr Brown acknowledged that this target had been overly ambitious.

- How long were the proposed temporary works expected to take to complete, and how were they to be funded?

Mr Brown explained the anticipated timeframe for the implementation of Temporary Works was three years, this was based on the expected timescale for the receipt of funding and an anticipated two year construction period. The funding of Temporary Works was from government grant aid and monies from the Environment Agency's existing budgets.

Another Member expressed concern that the grant funding of Temporary Works may lead to a significantly extension to the delivery time, he asked whether the government had changed its perspective on the provision of flood risk management funding. Given the indicated timescale for the installation of Temporary Works, he asked what flood prevention schemes had been implemented in the city following the December 2015 floods.

Mr Brown responded that he was not aware of a shift in government thinking on the funding of flood prevention measures, he noted that the requirement for the EA to submit Business Case(s) had perhaps not been made clear when funding levels had been announced or in dialogue with the public since.

With respect to works undertaken in the district following the December 2015 floods, Mr Brown advised that two pumping stations (one on the Caldew and one on the Petteril rivers) had been given increased capacity to operate in the event of a future flood. In addition maintenance work had also been undertaken on the rivers Caldew and Petteril which effectively returned the level of flood protection to the city to a similar standard as when the December 2015 floods occurred. Mr Brown stressed that he was not able to guarantee that a further flood event would not affect the city in the future.

In response the Member expressed disappointment that more had not been done to improve the standard of flood protection coverage in the city.

Mr Brown acknowledged the criticism relating to the speed at which flood prevention measures were being implemented, he emphasised the importance of ensuring that the flood prevention measures developed by the EA were appropriate and represented good value for money for the tax-payer.

- How had the government calculated that £25M allocation for the city's flood protection needs, and where those monies were not sufficient how would the funding gap be covered?

Mr Brown responded that the £25M figure had been arrived at very quickly in the aftermath of the December 2015 floods in response to a request from government on the perceived funding requirement. Given that it was likely that additional funding would be required either from government or other parties such as infrastructure providers whose assets may benefit as a result of additional flood defence mechanisms, as well as commercial operations.

- Had options for upstream flood prevention measures been assessed?

Mr Brown informed Members that there were two types of upstream flood protection measures: engineered storage which relied on the installation of man-made structures and, naturalised solutions. A number of upstream solutions had been incorporated into the EA's longlist of potential schemes in the river Eden catchment area. In general, upstream schemes situated in the upper Eden catchment area, whilst offering incremental gains as a result of their slowing the flow of water, were considered to be of low strategic importance to the defence of the city.

Mr Lawton explained that an option being appraised by the EA was an engineered storage measure for the river Caldew which would raise the level of the existing defences.

Mr Brown added that raising existing defences had the potential to increase the level of flood protection afforded to an area, as even a relatively small increase in defence height had the potential to hold back a large volume of water.

- What consideration had the Agency given to financially supporting on-going maintenance of flood defences?

Mr Brown agreed that regular maintenance of structures was an important aspect of flood prevention and this was an area the EA was looking into. Government had recently announced £40M of funding had been made available for flood risk maintenance. He cautioned that the funding was available nationwide and not specific to Cumbria, therefore the amount of monies received were likely to be much less.

- Was the Strategic Flood Partnership now in operation

Mr Brown informed Members that the Partnership had met earlier in the week and that the organisation was looking to increase its community membership.

Mr Kelsall (Carlisle Flood Action Group) stated that 22,000 households in Carlisle had been affected by the December 2015 flood. He was unconvinced of the efficacy of the Business Case approach and questioned whether the level of funding on offer was sufficient. Mr Kelsall was further concerned that, as the funding available was offered nationally, Carlisle would find it difficult to compete against larger urban areas particularly in the south east of the country. He felt it was important that the community were involved both in consultation on proposed flood defence measures to ensure they were appropriate and in the lobbying of government to ensure the necessary funds were drawn down.

- A Member expressed the view that the report submitted to the Panel offered insufficient detail to allow for effective scrutiny of flood risk management options in Carlisle, he asked the following questions:
 - What work were the City and County Councils undertaking in relation to flood prevention;
 - Did the Carlisle and District Local Plan 2015-30 encourage development on flood plains;
 - Did the Agency's plans for flood prevention in the city comprise more than the one project detailed in the report;
 - What had been the cost of the survey work undertaken on the rivers Eden and Petteril;
 - Why had further flood protection work not been undertaken on the river Petteril at Botcherby Bridge;
 - Why did the Council not undertake dredging works on the rivers in its capacity as riparian owners of the land;
 - What was the level of take up for the flood warning alert scheme operated by the Agency?

The Corporate Director of Economic Development reminded Members that the authority had consulted both Cumbria County Council and the Environment Agency during the development and adoption of the Local Plan, which had been subject to the Council's democratic processes. The EA had not submitted objections to any of the adopted housing site allocations, and individual applications were determined by the Council's Development Control Committee who were made aware of any comments thereon made by the Agency.

Mr Brown explained that in relation to the Petteril and Botcherby Bridge it was important that Members distinguished between the two different scenarios of a major flood event such as Storm Desmond and smaller scale events. In the case of larger scale flood events the outflow from the river Petteril was of diminished relevance as it was subsumed by the flow from the River Eden. However, he recognised that consideration needed to be given as to how best to manage the river Petteril watercourse when it was in spate.

Regarding riparian rights, Mr Brown indicated that were an organisation with such rights to approach the EA, it would seek to facilitate any proposed works within the context of relevant laws.

Mr Brown undertook to provide details on the level of take up on the flood alert scheme, and for Mr Lawton to liaise with the Member with regard to survey works.

Mr Milne (Carlisle Flood Action Group) commented that it was important that organisations supported the Agency's Business Plans for flood protection measures. He outlined the damage to strategic infrastructure caused by Storm Desmond as a result of all waters within the Eden catchment flowing into Carlisle. Mr Milne proposed that Carlisle Flood Action Group deliver a workshop to the Panel in the early autumn to provide Members with further details to the Group's response to the Environment Agency's proposals.

The Chairman agreed to the holding of a workshop.

Mr Brown added that in relation to critical national infrastructure such as the West Coast Main Line, the government's Business Case model of funding did allow for costs and damages, however, payments were based on a nationally applied formula rather than the actual costs. He reiterated that the EA was talking to many organisations regarding co-working to protect such sites.

RESOLVED – (1) That Mr Brown and Mr Lawton be thanked for their report and presentation.

(2) That a workshop in conjunction with Carlisle Flood Action Group be considered for autumn 2017.

(3) That the Environment Agency and Cumbria County Council be invited to attend a future meeting of the Panel to further update Members on progress.

EGSP.07/17 CARLISLE CITY COUNCIL EMERGING ECONOMIC STRATEGY

The Corporate Director of Economic Development submitted report ED.28/17 Carlisle City Council Emerging Economic Strategy. The Policy and Investment Manager delivered a presentation covering: the activities undertaken thus far in the development of the Strategy including a review of the evidence base, SWOT analysis including key, enabling and aspirational sectors, and critical thinking; emerging strategic priorities including inward investment, inclusive growth, skills and infrastructure; emerging priority actions and next steps.

The Policy and Investment Manager advised that the Economic Plan was a five year strategic plan for the city, it was intended that the strategic priorities would be used as the basis for identifying a number of priority actions which in turn would aid the development of workstreams.

In relation to the economic profile of the city, the Policy and Investment Manager noted the relatively high proportion of Small and Medium Sized Enterprises, manufacturing was another key area for the city equating to seventeen percent of the city's economic output.

A number of key challenges had been identified through the SWOT analysis including: lower than average productivity in the city; an ageing population, and infrastructure in need of improvement. Recruitment was also a difficult issue in a number of sectors, including health, due to the lower wages offered.

Furthermore, in relation to skills, the Local Enterprise Partnership had identified that 109,000 jobs in Cumbria would require filling in the medium term, of which 99,000 were needed to fill existing posts. 41% of job vacancies in Cumbria required a NVQ Level 4 qualification or higher, however, the current average qualification in the district was NVQ Level 3, which indicated work was required to address the disparity.

Increasing the profile of Carlisle at a national level was also recognised as being central in attracting people to live and work in the city. Carlisle Ambassadors had been identified as an important vehicle for promoting the city and the Council would work with the group on this issue.

In considering the report and presentation Members asked the questions and raised the following issues:

- Was the median pay figure detailed in the report calculated against a median cost of living?

The Corporate Director advised that median pay was ordinarily calculated versus inflation which comprised house price, cost of living, she noted that were inflation to increase that created pressure on the median wage.

The Policy and Investment Manager added that although Carlisle was considered to be a sub-regional centre, it was a low wage economy with average pay a fifth lower than the national average.

- What was the impact of the lower than national average wages in Carlisle.

The Corporate Director responded that in terms of attracting people to the area the lower wages available made that work more challenging, conversely, it made the district more attractive to companies seeking to relocate.

- Which of the economic sectors identified in the presentation did education and local government belong to?

The Policy and Investment Manager undertook to provide a written response with the detail. He added that the segmenting of the economy into various sectors and the alignment of particular industries was done at a national level.

The Corporate Director noted that the Aspirational Sector had latent potential to provide opportunities for growth.

- How many people travelled into the district for work purposes?

The Policy and Investment Manager explained that the 5,000 workers per day commuting into the district for work, detailed in the presentation, was a net figure derived from the sum of those travelling out and those travelling into the district.

With reference to the St Cuthberts Garden Village, a Member questioned what impact the project would have on the economic development of the city, if those who lived in the Garden Village worked outside the district.

The Policy and Investment Manager considered that overall, where people resided in the district but were employed outside, an economic benefit would be generated due to wages being input into the district's economy.

- When was feedback from the public engagement activities expected to be drawn together?

The Corporate Director explained that there had been a small amount of slippage against the original timetable for the development of the Strategy. Stakeholder workshops had originally been planned for August, however, those events had been rescheduled until September as it was felt that attendance was likely to be higher outwith the summer holiday period.

A Member commented that he felt the report and presentation had amounted to a useful update, however, he considered that Emerging SWOT Analysis of Carlisle's Economy produced in Appendix 1 of the report lacked validity without being linked to data from the evidence base. Referring to the report recommendation the Member commented that whilst he felt able to note the progress to date, he did not consider that the report contained sufficient detail for Members to be able to scrutinise the emerging key themes and priorities.

Another Member commented that whilst the emerging strategic priorities seemed sound, he was also disappointed with regard to the lack of data within the report, he asked that the next steps in the development of the Strategy be detailed including plans to engage the Panel.

The Corporate Director acknowledged Members' concerns and explained that when the report to the Panel had been originally timetabled for the meeting it was anticipated that the Regeneris "Identification of Future Growth Opportunities in Carlisle" report would have been submitted to the Council. However, the Regeneris report had not been received in time for the necessary fact checking work to be carried out and for the data to be incorporated into the report.

The Corporate Director undertook to circulate the Regeneris report to the Panel, once the fact checking work had been completed, she anticipated that the draft Strategy would be available in autumn 2017. Additionally, she suggested that a special meeting of the Panel be convened to enable Members to give in-depth consideration to draft Strategy.

EGSP.08/17 STANDING ORDERS

It was noted that the meeting had been in progress for 3 hours and it was moved, seconded and RESOLVED that Council Procedure Rule 9, in relation to the duration of meetings be suspended in order that the meeting could continue over the time limit of 3 hours.

The Economy, Enterprise and Housing Portfolio Holder noted that the team working on the development of the Economic Strategy were also working on other large projects such as the St. Cuthberts Garden Village project, Supplementary Planning Documents, and the Community Infrastructure Levy. She thanked Members for their forbearance in relation to the development of the Strategy and supported the proposal for the Panel to undertake a session dedicated to the scrutiny of the draft Strategy.

RESOLVED – (1) That report ED.28/17 be noted and that the Policy and Investment Manager be thanked for his presentation.

(2) That upon the completion of the necessary fact checking work, the Corporate Director of Economic Development circulate the Regeneris report "Identification of Future Growth Opportunities in Carlisle" to Members of the Panel.

(3) That a session dedicated to the scrutiny of the draft Economic Strategy be arranged for autumn 2017.

(4) That the Policy and Investment Manager provide a written response detailing the sector categorisations of education and local government.

(The meeting ended at 13:05)