

ENVIRONMENT AND ECONOMY OVERVIEW AND SCRUTINY PANEL

THURSDAY 30 JULY 2015 AT 10.00 AM

PRESENT: Councillor Nedved (Chairman), Councillors Betton, Bowditch, Caig (until 11.40 am), Christian, Dodd, Ms Franklin and Mitchelson

ALSO

PRESENT: Councillor Mrs Bradley – Economy, Enterprise and Housing Portfolio Holder
Councillor Mrs Martlew – Environment and Transport Portfolio Holder (for part of the meeting)
Councillor Burns – Observer (for part of the meeting)

OFFICERS: Deputy Chief Executive
Director of Economic Development
Chief Accountant
Corporate Projects and Risk Management Officer

EEOSP.39/15 APOLOGIES FOR ABSENCE

There were no apologies for absence.

EEOSP.40/15 DECLARATIONS OF INTEREST

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

EEOSP.41/15 PUBLIC AND PRESS

RESOLVED – That Agenda Item A.4 – Enterprise Zone be taken as the third item of business in order to facilitate the attendance of Members / Officers at another engagement scheduled to commence at 11.30 am.

EEOSP.42/15 MINUTES OF PREVIOUS MEETINGS

RESOLVED – (1) That the Minutes of the meeting held on 23 April 2015 be agreed as a correct record and signed by the Chairman.

(2) That the Minutes of the meeting held on 25 June 2015 be noted.

EEOSP.43/15 CALL-IN OF DECISIONS

There were no items which had been the subject of call-in.

EEOSP.44/15 OVERVIEW REPORT AND WORK PROGRAMME

The Chairman presented report OS.15/15 providing an overview of matters relative to the work of the Environment and Economy Overview and Scrutiny Panel.

The Chairman reported that the Notice of Executive Key Decisions had been published on 26 June 2015. Key Decision KD.13/15 (Contaminated Land Strategy 2015), which fell within the remit of the Panel, had been considered by Members on 25 June 2015.

Members did not raise any questions or comments on the items contained within the Notice of Executive Key Decisions.

There were no references for the Panel emanating from the 29 June 2015 meeting of the Executive.

Attention was drawn to the Panel's current work programme, a copy of which was appended to the report. The Panel had, on 25 June 2015, discussed items they wished to be considered during the forthcoming Municipal Year (Minute EEOSP.33/15 referred). The work programme had subsequently been updated to provide details of the potential dates when those various topics would be considered, a copy of which was circulated prior to the meeting.

A Member noted that, later on the Agenda, the Panel would receive an update on the Carlisle Economic Review which would lead on to a key Action Plan later in the year. He questioned whether it would be appropriate for the Panel to give consideration to those key actions when they became available.

In response, the Director of Economic Development advised that work was ongoing and she anticipated that further detail thereon would be available in the autumn.

RESOLVED – (1) That the Overview Report incorporating the updated Work Programme and Key Decision items relevant to the Panel (OS.15/15) be noted.

(2) That the Environment and Economy Overview and Scrutiny Panel would, at a future meeting, give consideration to the key actions emanating from the Economic Review of Carlisle 2015.

EEOSP.45/15 ENTERPRISE ZONE

The Deputy Chief Executive introduced this item of business, informing Members that the Chairman of the Panel had expressed an interest in finding out more about the Government's Enterprise Zone programme. He added that the Director of Economic Development would provide a verbal update, and the Chief Accountant was available to respond to any technical issues.

The Director of Economic Development began by referring the Panel to the Enterprise Zone Prospectus (copies of which had been tabled by way of background) which underpinned the establishment of Enterprise Zones in local enterprise partnership areas in England. The initiative dated back to 2011 and the establishment of an Enterprise Zone would have positive benefits in terms of investment, how businesses viewed Carlisle, and the whole economic growth agenda.

She apologised that no written report had been provided, commenting that Officers were working hard on a bid for Enterprise Zone status which would take some time to complete.

As recorded above, the 2011 Budget announced Government proposals to establish 21 new Enterprise Zones. The City Council had been encouraged to submit a bid. Relevant parties had therefore come together to scope it out. A number of potential sites were considered and, given the timetable, it was agreed that work should focus in particular upon Kingmoor Park due to the strategic nature of the site.

Kingmoor Park were taking the lead, supported by the City Council, and consultants had been appointed to undertake the necessary work. Any Enterprise Zone required to be supported by the Local Enterprise Partnership (LEP).

On the issue of whether the Enterprise Zone should be located elsewhere in Cumbria, the Director advised that there had been no other interest, which was positive. She added that all Enterprise Zones would benefit from:

- a business rate discount worth up to £275,000 per business over a five year period. It was anticipated that, if approved, confirmation would be received in the autumn and the Enterprise Zone would be up and running in April 2016;
- all business rates growth within the zone for a period of at least 25 years would be retained by the local area, to support the Partnership's economic priorities and ensure that the Enterprise Zone growth was reinvested locally;
- Government help to develop radically simplified planning approaches for the zone – B1 and B2 uses which Officers were comfortable with;
- Government support to ensure that superfast broadband was rolled out throughout the Zone;
- Potential existed to borrow to fund infrastructure (roads, electricity supplies, etc), although it was unlikely that would be necessary at Kingmoor Park.

The Director then outlined the main objectives for Kingmoor Park, which included exacerbated growth in terms of development; logistics and the nuclear supply chain; and potential to generate 2,500 new jobs. She pointed out that any increase in the uplift of business rates would go to the LEP. Agreement could, however, be reached in discussion on the amount to be spent on business in Carlisle.

In conclusion, the Director stated that work was proceeding towards the 18 September 2015 deadline.

The Chairman thanked the Director of Economic Development for her informative update.

Members then raised the following questions and observations:

- Was the bid being worked up in collaboration and what was the expectation in terms of a decision thereon?

In response, the Director said that a meeting was scheduled for the following week to go through the detailed documentation. She felt sure that the Government would honour their promise.

- A Member was concerned that insufficient social housing would be provided, and the potential impact of an Enterprise Zone for businesses within the City Centre.

The Director replied that the Enterprise Zone was very much focussed upon business and attracting new business into the Carlisle area. Consideration was also being given to other housing related projects. Social Housing and retail would be dealt with through the Local Plan.

- Bearing in mind that the Enterprise Zone Prospectus and verbal update had only just been provided, a Member questioned the Panel's ability to undertake effective scrutiny.

The Chairman clarified that the Prospectus had been provided by way of background and that he had asked for a verbal update on progress / delivery timescales for the Enterprise Zone. The Panel would revisit the matter as they saw fit.

The Director felt that it was indeed useful for Members to receive an update on progress towards submission of the bid by the 18 September 2015 deadline. She added that there would be certain governance requirements which would require to proceed to the Executive, and Overview and Scrutiny would have the opportunity to comment further at that point.

- A Member anticipated that significant issues would arise around the Kingmoor Park site, the nuclear energy supply chain and road / rail transportation. The condition of the A595 would be a factor.

The Director replied that infrastructure was indeed key in terms of business development. The state of the A595 and need to improve transportation links had already been identified by the LEP. Kingmoor Park did, however, have the benefit of freight access and the NNDR. Consideration was also being given to upgrading rail links on the West Coast as a result of which improvements would be seen in terms of moving people and the supply chain. Despite the above, work remained to be done.

- Did business rate discount apply to new business; would older established businesses be affected; and would that affect competition between businesses?

In response, the Director explained that business rate discount related solely to new business within the Enterprise Zone (the aim being to prevent businesses moving into the Enterprise Zone from other parts of the City in an attempt to benefit from the discount).

The Chief Accountant added that discounts were guaranteed by Government until 2018 (5 years). It was anticipated that would be extended, meaning that growth would be achieved, but funded by the Government for those 5 years.

- A Member had been approached by a number of persons concerned by the use of the phrase "retail park". He sought reassurance regarding the use classes at Kingmoor Park.

The Director indicated that she could reassure the Member that the use classes in question were not retail in nature. She added that the policy had always been to protect the City Centre as detailed very clearly within the Local Plan.

- To date no other bids were forthcoming within the County. Would that be the case at the end of the day?

The Director outlined the work being undertaken by the Technical Officers' Group. Although it was not possible to provide a 100% guarantee, Carlisle was the only area to apply for an Enterprise Zone at that stage.

- A Member expressed the hope that the LEP would not have to choose which site should go forward, since Kingmoor Park had not been selected several years before.

The Member was also interested in uplift in business rate infrastructure to assist in other developments. There were other strategic sites e.g. Durranshill and Longtown and he was fearful that all discount would go towards the Enterprise Zone to the detriment of those sites.

In response, the Director said that so long as projects (such as Durranshill and Caldewgate) were included within the LEP plan they could go forward. She emphasised that, within the LEP document and strategic infrastructure plan, Carlisle was a very important part of economic growth.

- A Member reiterated his concerns that insufficient social housing was being provided in Carlisle; smaller businesses were struggling, currently the Enterprise Centre was the only option open to them; and regarding the level of consultation undertaken.

The Director advised that the issues alluded to were addressed through various documentation. For example, the Local Plan would be considered by the Inspector in the autumn. As part of those deliberations the Inspector would look at delivery of housing, including a good proportion of social housing.

The aim of the Enterprise Zone was very much about bringing in high level jobs; raising wages; adding value and supporting small businesses. Although the Enterprise Zone was very much focussed large business, small / medium business was important to the Carlisle economy and it was hoped that support could be provided.

The Director added that there were a range of business units to support a variety of businesses and, if successful, the Enterprise Zone would form part of the whole offer.

- What was the position in terms of competition for Enterprise Zones i.e. were all bids accepted?

The Director stated that Carlisle would be in competition with bids from all over the country, which was why success was so important to the City.

By way of clarification, the Deputy Chief Executive pointed out that the application for Enterprise Zone status was being led by Kingmoor Park. The Government wished applications to be business led and they would be considered on their individual merits.

The project demonstrated that the Director of Economic Development and her colleagues had made good progress in terms of cultivating relationships to move forward working well with businesses.

RESOLVED – That the Environment and Economy Overview and Scrutiny Panel thanked the Director of Economic Development for her verbal update; and looked forward to being updated further on the outcome of the Enterprise Zone bid in due course.

The meeting adjourned at 10.37 am and reconvened at 10.43 am

EEOSP.46/15 UPDATE ON THE CARLISLE ECONOMIC REVIEW REPORT

The Deputy Chief Executive reported (SD.17/15) that during 2012/13 the Carlisle Economic Partnership (CEP) had worked with the University of Cumbria, the Chamber of Commerce and Cumbria Intelligence Observatory to develop an Economic Review of Carlisle.

The key purpose of the Review (which covered the topic areas identified in the report) was to raise awareness of the key economic drivers in the District and its wider city region, and assist the City Council and CEP in the formulation of actions and projects to support growth and prosperity.

Members were reminded that the draft review document was presented for discussion at the Environment and Economy Overview and Scrutiny Panel in late 2014. A copy of the final document could be downloaded from the Council's web site - http://www.carlisle.gov.uk/downloads/Economic_Review_of_Carlisle_final_version.pdf

Following the first economic review the CEP had decided to repeat that helpful exercise in early 2015, the result of that work being a new expanded review document. The 2015 review (Appendix A) covered the same topic areas as in 2013 updating those with Census data and other relevant information. In addition to those original areas the new review included specific sections covering the following:

- Housing provision
- Transport and communications
- Retail space
- Green infrastructure
- Health challenges
- Tourism

Those additions supplemented the original work and provided a richer picture of the local economy. The new document also sought to align itself with other key sub-regional strategies and plans; outlined in Chapter 8.

Further to the production of the document the CEP was scheduled to meet in September to develop a new set of key actions for the 2015/18 period.

For the benefit of Members, the Deputy Chief Executive outlined the membership of the CEP which was wide ranging in nature.

The Deputy Chief Executive then provided a presentation outlining in detail the key issues and recommendations emanating from the 2013 Review (i.e. support for business growth;

step change in skills acquisition and provision; developing infrastructure; environment; and image), together with the action taken by the CEP in response.

There was a recognised need for a step change in skills acquisition and provision, in response to which new facilities were being provided for skills development. By way of an example, the Director of Economic Development explained that the micro-biology courses were already full which constituted good news.

The Economy, Enterprise and Housing Portfolio Holder added that sadly there was a shortage at all levels and types of skills, ranging from construction through to project management.

In terms of the developing infrastructure recommendation, the Director of Economic Development advised that £16 million would be spent on improvements to the roof at Carlisle Station.

The Economy, Enterprise and Housing Portfolio Holder commented that Carlisle Station was a listed building of which everyone should be very proud.

Having had the benefit of the presentation, Members raised the following comments and questions:

- Carlisle was below the national average in terms of business start-ups. What could be done to close the gap?

In response, the Deputy Chief Executive commented that the challenge was around confidence; the provision of places for businesses to start and grow; and sufficient opportunities for people to build the necessary skills. It was necessary to remain focussed on that objective which would take significant time to address.

- As recorded above membership of the CEP Board was wide ranging. There was, however, no representation from social housing providers.

The Deputy Chief Executive replied that Mr Fred Story (Chairman of Story Homes) represented housing as a whole. Housing Associations (e.g. Riverside, Impact) had not been approached since they were already heavily engaged in other partnership activity. Other sectors, for example Health, were not involved. The matter could, however, be looked at again.

The Economy, Enterprise and Housing Portfolio Holder informed Members that the Carlisle Housing Partnership Executive covered the private sector and registered providers. The Partnership Executive met on a regular basis, and their work fed into the LEP and the Homelessness Strategy. The Portfolio Holder added that there was clearly a balance between having a body which was effective, as opposed to one which was so large that it became unwieldy.

The Deputy Chief Executive added that cross-referencing work was required in terms of housing and health. It was a task for the CEP to bring those aspects together so that the ability to get things done was not diluted.

- Would the work undertaken in response to the key issues and recommendations of the 2013 Review have been undertaken had the County Council taken the lead?

In response the Deputy Chief Executive summarised the background position, commenting that the Chairman of the Local Committee and various County Council Portfolio Holders had been invited and had entered into discussions. As a result thereof more cost effective partnership working was now taking place.

- A Member stated that, in his view, the work of the CEP appeared to be high level in nature. He questioned how that work related to people in the community.

The Deputy Chief Executive explained that the partnership work was in the main focussed around larger initiatives. The issue highlighted presented a challenge and there may be a need to re-focus on that aspect.

- Page 60 – figure 5.2 showed that the number of housing permissions currently in the pipeline had increased considerably since 2012. It was noted that not all of the 4045 permissions recorded in 2014 would progress to completion and those that were converted may be spread over several years. The document suggested that there was a requirement for 480 – 565 new homes per annum in the District in order to meet housing demand and address deficiencies in quality. Was social housing not a demand?

In response, the Deputy Chief Executive advised that the Partnership had not really been engaged in the agenda around the provision of social / affordable properties, since clearly they were not a decision making body. It did, however, try to influence developers where the focus was around trying to meet those needs.

The Economy, Enterprise and Housing Portfolio Holder commented that included within the Local Plan were sections relating to housing provision (including affordable Housing). As part of deliberations on the Local Plan, the Inspector would listen to objections not yet resolved and make recommendations on whether they were sound and could be accepted by the City Council.

The Portfolio Holder also outlined the targets / restrictions relative to the provision of affordable housing, together with the difficulties in terms of provision particularly in the rural area. She added that the Government was introducing a 'right to buy' for Housing Association tenants which could mean that fewer houses were available for rent in rural areas. It should be noted that registered providers tended to rely upon finance being provided by the Homes and Communities Agency, but the availability of government funding had reduced.

The Portfolio Holder emphasised that every effort was being made to provide social housing, since the entire Council recognised that as a need regardless of their political persuasions. It was, therefore, entirely unfair to suggest that was not the case.

- A Member stated that he could see no record of the cost of consultation within the 2015 Economic Review of Carlisle report.
- There was a need to attract new businesses into the area and increase the number of apprenticeships. Was documentation available which recorded the number of approvals per year; how many businesses were likely to come into the Carlisle area; and how many were taking on apprentices?

The Deputy Chief Executive acknowledged that the issue of how to get people into work and the provision of apprenticeships for young people in Carlisle was a challenge and required a very explicit focus. Details of the numbers involved could be provided upon request. It was not, however, the focus of the CEP.

- The costs associated with starting a business within the City Centre were prohibitive. What was being done to encourage small business into the City Centre, and what effect would an Enterprise Zone at Kingmoor Park have on the City Centre?

The Deputy Chief Executive said that empty property rate relief was available and the outcome of a large scale review of rates was awaited.

Returning to his presentation, the Deputy Chief Executive provided an overview of the Economic Review of Carlisle 2015 with particular emphasis on its purpose; Carlisle and its Region; Carlisle's population and key Sectors; employment in Carlisle compared to GB 2013; job types in Carlisle; highest qualification level of EA population 2013; JSA claimant rate September 2008 – September 2014; businesses in Carlisle; Carlisle's infrastructure; housing in Carlisle; together with the key findings from 2015 (in terms of the labour market, infrastructure, business, city marketing to investors and visitors).

The Economy, Enterprise and Housing Portfolio Holder noted that the retail catchment estimated over 300,000 population. That figure was being queried since other sources suggested a figure of around 450,000.

In terms of the next steps, the Deputy Chief Executive reported that the CEP was already focussing on the outcomes of the 2015 Review and he would report back to the Panel in the autumn:

- Developing a skills forum / mini conference to devise a strong set of actions for 2015 – 18
- Developing a range of infrastructure projects (Enterprise Zone amongst those)
- Seeking support and lobbying opportunities for transport infrastructure developments – A595, rail and city networks
- Building on the Carlisle Story and tourism marketing activity

The Panel then raised the following questions and observations:

- Would the population of Carlisle decrease over the forthcoming 10 – 15 year period; and should the working age population now be 18 – 64 (as opposed to 16 – 24)?

The Deputy Chief Executive agreed that the population of Carlisle would decrease. On the latter point he advised that the definition was not the Council's and, if no action was taken, the figures suggested a likely drop in working age population of -5.6%.

- A member said that there was a huge shift in terms of how the country was being run and, in his view, the concept that the manufacturing sector would pick up local government reductions would not work. It was, therefore, unfortunate that no percentage figure was included in relation to public sector workers.

He added that statistical information would be required to support applications for government grant.

In response, the Deputy Chief Executive advised that the situation was currently in flux. Timescales were key and Members would receive more accurate data as time went on.

The Economy, Enterprise and Housing Portfolio Holder referred Members to table 3.5 (page 40 of 84 within the Agenda document pack) which detailed the numbers of employees in employment 2013 and the change from 2009. She added that the compilation of data took some time and therefore was out-of-date by the time of submission.

- Carlisle was below average in professional / managerial categories, and also lower than benchmark cities – Lancaster, York and Exeter. What level of graduate retention did Carlisle have when compared to those benchmark cities, and did they have a much broader offer base?

The Deputy Chief Executive indicated that, as Members were aware, the University of Cumbria was in its infancy. Attempts were being made to widen the offer, but that would be a lengthy process. There was a question around how that process could be accelerated in the City. However, due to competition from elsewhere, that would not prove easy.

- A Member was saddened to note the emphasis on University education, as opposed to further education.

The Deputy Chief Executive replied that these were indeed very difficult and challenging times in terms of the availability of resources to support education.

- A Member asked whether the Panel would have the opportunity to scrutinise social housing provision.

Another Member pointed out that the Housing Strategy predominantly fell within the remit of the Community Overview and Scrutiny Panel.

Referring to the Panel's work programme for 2015/16, the Deputy Chief Executive noted that the City Centre Development Framework and Carlisle South Masterplan had been identified as future agenda items. Members may wish to look at social housing provision in relation to those topics. They could also take an interest in scrutiny undertaken by the Community Overview and Scrutiny Panel.

- What process would be followed in terms of checking the Economic Review against the Local Plan?

The Deputy Chief Executive outlined the work undertaken by the Investment and Policy Manager who had been able to properly shape the Economic Review from a Local Plan perspective. The documents were therefore properly integrated.

- A Member expressed an interest in undertaking work on the gender pay gap.

The Deputy Chief Executive suggested that the above mentioned topic may form the basis of a Task and Finish Group. Alternatively, he was happy to discuss it with the Member should they so wish.

The Chairman invited Members to present any ideas / suggestions for future topics.

The Chairman of the Community Overview and Scrutiny Panel questioned why the skills shortage was of concern at a time when levels of unemployment were low; and whether there was any evidence to suggest that university increased skills levels.

In response, the Deputy Chief Executive clarified that the concern was not that people were experiencing real problems due to the cost of living in Carlisle. Rather the issue was more aspirational in terms of growth and attracting greater investment in the City.

Notwithstanding the above, there was a problem regarding people on job seekers allowance / employment support since a good number would be living in poverty. Those were the individuals about whom we should be concerned in terms of qualifications, healthy living, etc. He was not, however, in a position to comment on whether or not university increased skills levels.

- A member believed that there was a direct link between low qualifications and low wages. Although there may be empty homes available, people would not be able to afford to rent or buy them.

The Economy, Enterprise and Housing Portfolio Holder commented that, due to the ageing population, more young people in better paid jobs were required to support the sustainability of the City. There was therefore a need to attract employers who would pay higher wages. It was also such a waste if people were not afforded the opportunity to acquire the necessary skills and knowledge to exploit their talents.

The Portfolio Holder added that it was distressing to see young people, or indeed mature people, stuck in jobs which they did not enjoy because they had not acquired the necessary skill set to move forward in their careers.

RESOLVED –(1) That the Environment and Economy Overview and Scrutiny Panel noted Report LE.17/15 providing an update on the Carlisle Economic Review, and thanked the Deputy Chief Executive for his most informative presentation.

(2) That the Panel looked forward to receiving a further update on the outcomes of the 2015 Carlisle Economic Review and the Carlisle Economic Partnership in the Autumn.

(The meeting ended at 12.25pm)