

**MINUTES of the meeting of General scrutiny committee held at Council Chamber, The Shire Hall, St Peter's Square, Hereford, HR1 2HX on Tuesday 22 October 2019 at 2.00 pm**

**Present:** Councillor Jonathan Lester (Chairman)  
Councillor Tracy Bowes (Vice Chairman)

**Councillors:** Barry Durkin, Jennie Hewitt, Bernard Hunt, Paul Symonds and William Wilding

**In attendance:** Councillors David Hitchiner, Trish Marsh and Roger Phillips

**Officers:** Herefordshire Council: R Ball – Director for Economy and Place, R Allonby – Head of Economic Development.

**Representatives of the Marches Local Enterprise Partnership:** M Thorn MBE Chair of the Marches LEP, G Hamer - Director of the LEP, and K Jones LEP Partnership Manager.

**18. APOLOGIES FOR ABSENCE**

None.

**19. NAMED SUBSTITUTES**

None.

**20. DECLARATIONS OF INTEREST**

None.

**21. MINUTES**

**RESOLVED:** That the minutes of the meeting held on 9 September 2019 be approved as a correct record.

**22. QUESTIONS FROM MEMBERS OF THE PUBLIC**

A copy of the questions and answers is attached at appendix 1.

**23. QUESTIONS FROM MEMBERS OF THE COUNCIL**

None.

**24. MARCHES LOCAL ENTERPRISE PARTNERSHIP UPDATE**

The Committee considered an update on the achievements of the Marches Local Enterprise Partnership (LEP), its revised governance structure, current board membership and priorities outlined in its Strategic Economic Plan (SEP).

The report also provided a briefing on the role and purpose of the Annual Delivery Plan and its priority activities in order for the scrutiny committee to fulfil its function of making

reports or recommendations to council or the cabinet on matters which affect the council's area or the inhabitants of that area.

The Director for Economy and Place introduced the report, noting the LEP's role, and emphasising the importance of the Council's partnership with the LEP and the Council's success in securing funding from the LEP.

The new Chair of the LEP introduced herself to the Committee.

The Partnership Manager then gave a presentation as appended to the agenda papers at appendix 5.

In discussion the LEP representatives responded to questions as follows:

### **Preparations for Brexit**

The Marches Growth Hub had been positioned as the contact point for advice. There was a Brexit tool kit on the Marches Growth Hub website. This contained links to all relevant government advice. A number of events were also being promoted through the growth hub, delivered by the growth hub team supported by partners providing advice.

It was understood additional government funding would be made available shortly for face to face business advice.

In terms of the future role of the LEP itself there was constant communication with the government. The current advice was to continue with the development of the Local Industrial Strategy (LIS). Discussions were ongoing with local authority colleagues on the possible impacts, for example on the farming sector.

The LIS was to help to plan for the future and what could be done to create new jobs and new opportunities. European funding had helped to alleviate challenges over the last 5 years.

There was uncertainty about future economic development funding. The LEP working with partners was monitoring developments and seeking to be in a position to respond to them.

Councillor Phillips commented, in his capacity as independent chair of the LEP European Structural and Investment Fund (ESIF) Committee that the government had indicated that the level of funding allocated under European funding rules would be continued until March 2023. The rural development programme had been key to the local economy and how that funding was replaced would be significant.

### **Support for Clean Growth**

The LEP was keen to encourage and enable businesses to grow in an economically and environmentally sustainable way.

The Marches Energy Strategy referenced green energy, and carbon neutral ways of working, growing specialist battery technology and more environmentally friendly methods of energy production.

### **Alternative Transport Options**

In terms of working to explore options and support different choices there was a Transport Officers Group under the LEP looking at opportunities for sustainable transport. A detailed transport strategy was on the Marches LEP website. Research

funding had been secured to explore joint initiatives that helped transport connectivity between the Marches and mid-Wales.

In terms of capital funding the LEP Board was tasked with identifying projects that would deliver jobs, housing and other growth benefits. Projects such as electric buses could be considered as long as the project helped those objectives. Challenges of bus transport and access to jobs were well known. The LEP was waiting to see if additional funding was to be brought forward.

### **Support for the Market Towns**

It was acknowledged that to date investment in market towns as key employment centres had been limited. The majority of Phase 1 growth deal funding had been allocated to Hereford, Shrewsbury and Telford. There had been investment in broadband in Herefordshire that benefitted all areas and investment in skills training facilities. Growth deal funding received in 2017 had mostly been allocated to innovation and skills – a key challenge, hence the NMiTE and cyber security centre projects.

There had been help for businesses in rural communities through the European funded Rural Development Programme.

It was noted that Leominster had recently been allocated some £2m for regeneration under the new Heritage Action Zone Fund for Market Towns, designed to support economic growth.

The Strategic Economic Plan recognised that to date there had not been investment in the market towns. The issue had also been raised during the current consultation on the LIS and this would be reflected in the Strategy accordingly.

### **Support for Rural Communities**

It was observed that the consultancy the LEP had employed to develop the SEP and the LIS was Metro Dynamics which promoted its enthusiasm for the future of cities. It was asked whether consideration had been given to employing consultants with a track record on working with isolated rural communities.

In reply it was noted that the Director of Metro Dynamics was local to the Marches and knew the area. A contract had been awarded following a procurement exercise to find an organisation with expertise in developing local industrial strategies.

The importance of a consultancy understanding the local area and the issues and developing appropriate initiatives was recognised.

A member commented that small, clean electric buses would be a major benefit to rural communities.

### **Governance**

The LEP had a detailed accountability and assurance framework setting out all the governance requirements.

The LEP had become a company limited by guarantee. Agendas and minutes were all made public. The LEP had committed to attending local authority meetings to answer any questions. Board members had to complete a register of interests and this too was published. There was a clear policy for recruitment and rotation of the Chair and board members.

## **South Wye Transport Package (SWTP) and Hereford Transport Package (HTP)**

A question was asked about the risk of currently allocated funding being redirected to other projects in the region given the recent decisions taken by Herefordshire Council to pause work on the schemes.

The LEP's position was that a contract was in place for the SWTP. Regular discussions were taking place with the Council. The Board would discuss the matter again at its meeting in November.

There was no LEP funding in the HTP. The LEP supported the project. The Council had correctly advised Midlands Connect on its position. The project was part of a package Midlands Connect would submit to the Department for Transport. The LEP could not speculate on what decisions might be made.

It was asked whether funding under the HTP had to be spent on a road.

The Director for Economy and Place commented that the two transport packages were separate projects. The SWTP included the southern link road and was funded by the LEP. The HTP included the western bypass which had been identified as a regional priority by Midlands Connect. It was subject to funding bids yet to be determined by the government.

The LEP had been advised by Government that the Marches growth deal funding concluded at the end of March 2021. The Board would need to take a decision, possibly early in the New Year, on whether to reallocate the funding if the project was not to proceed.

### **Independence and objectivity**

It was asked how the conflicting interests of directors in terms of their wish to secure funding for their own areas were balanced.

In reply it was stated that the experience was that all partners had tried to make decisions in the best interests of the region. The degree of collaboration and co-operation had been highlighted by government as being an exemplar. All directors understood that they were required to make decisions to deliver the LEP's aims and vision and were accountable accordingly.

It was also observed that LEPs were required to be independent of local authority influence and asked how this was achieved.

In reply it was stated that the LEP had an independent secretariat. It rented private office space. Whilst working closely with local authorities it had no management reporting line to them. The Government had rated the LEP as good in their annual assessment of LEPs.

The potential competition between Harper Adams University and NMITE in higher education in the agritech sector and the LEP's approach to funding in this context was raised.

It was stated that the LEP did not encourage duplication but if there was demand the LEP had no issue with new entrants to the market place. The LEP did have a higher education group that linked to the skills advisory panel. One of the aims of the group was to encourage collaboration and avoid duplication, whilst recognising that every organisation had its own commercial objectives. Some government funding streams, eg the UK Research and Innovation Strength in Places fund, actively encouraged local institutions to work together,

Clarification was sought on engagement with Holme lacy college and Hartbury College. It was stated that the principals of the further education colleges in the Marches were also encouraged to co-operate. There was scope to encourage greater collaboration and innovation. Holme Lacy College had received skills capital funding from the LEP.

### **Support for NMiTE**

The LEP recognised the transformative opportunities that universities brought to towns and communities and there was strong support for this type of development.

There had been an issue in that information requested by the LEP had not always been forthcoming. It was important to ensure that the development met the needs of funders.

The LEP had been seeking for a business plan for some months together with detailed information on the next phase of investment. The project was ambitious. Timescales were challenging. The deadline for investment was March 2021. The LEP was in regular contact with NMiTE about the project. The LEP Board had to be satisfied that it was investing in a project that would deliver the required outputs. It was likely to be discussed at the Board's next meeting.

It was observed that the report stated in the section on risk management that financial risk to the council and other local authority partners was limited through the use of Shropshire Council as the LEP's accountable body. Clarification was sought on a request to the council to underwrite an amount of £850k from the university project, despite a letter having been sent by the Department of Business, Energy and Industrial Strategy (DBEIS) to the S151 officer.

In response it was stated that the LEP's S151 officer had to be satisfied that funding was used to good effect. NMiTE was a start-up business with limited financial backing apart from the funding provided by the Department for Education for revenue investment and by the LEP for capital investment. NMiTE were seeking funds from private donors. However, the project did not have a financial track record demonstrating an ability to repay the sum if outputs were not delivered so it had been requested that an element of the project would need to be underwritten. A similar course of action had been taken on a LEP funded skills capital project in Bridgnorth.

It was asked if the Board would have come to a different decision on requiring the sum to be underwritten if it had seen the letter from the DBEIS to the S151 Officer on the NMiTE project. In reply it was stated that it was not possible to speculate on this point. It was observed, however, that the Board had previously exercised caution over the weight that could be given to such letters. It was suggested it would be helpful if the letter from the DBEIS to the S151 Officer could be made available.

### **Public Profile of LEP**

The LEP was keen to raise public awareness of its role within communities. Liaison with parish councils was seen as one possible mechanism. The LEP engaged with chambers of commerce and the federation of small businesses, National Farmers Union and other groupings across the area.

There was an established public relations and marketing company that worked for the LEP.

### **Government Review of LEPS**

The review had been useful. A lot of the recommendations had already been delivered by the Marches LEP. The biggest change had been the requirement for the LEP to become a legal entity.

There was no information from government on the future role of LEPs. The LEP was working on the LIS to make the case for future funding for the area. There had been a suggestion that one of the reasons for the review of the LEPs had been to ensure that they could manage the future funding streams that would replace European and other government funding. However, there had been no recent information on this point.

### **Tourism**

The LEP vision was to work with each local authority to develop a joint strategy for tourism and the visitor economy. A document had been produced as a statement of intent setting out opportunities for joint working between the three local authorities.

The LEP was providing funding to support the three local authorities in gathering baseline data for tourism purposes.

The LIS and the SEP referenced the importance of the visitor economy in both tourism terms and encouraging inward investment

### **Climate Emergency**

The LEP referenced sustainability in the LIS. The LEP Board had set up a sub-group to develop the energy strategy that addressed various aspects of climate change.

A member expressed reservations about what they perceived to be a conflict between the LEP's plans to invest in roads and addressing the climate emergency.

### **Frequency of LEP attending General Scrutiny Committee**

The report indicated that the LEP was intending to meet relevant scrutiny panels twice a year. It was suggested that an annual meeting would be the preferred course after the LEP published its annual delivery plan and end of year report.

The Chairperson thanked the representatives of the LEP for their attendance.

### **RESOLVED:**

#### **(a) to recommend to the executive that:**

- i. the LEP be encouraged to declare a climate emergency as a priority;**
- ii. the LEP be encouraged to raise its profile through engagement with Parish and Town Councils and business forums;**
- iii. the LEP be requested to focus on promoting available schemes to the market towns; and**

**(b) provision be made in the Committee's work programme for an annual report from the LEP.**

## **25. WORK PROGRAMME**

The Committee reviewed its work programme.

A number of suggestions for scrutiny had been received. It was considered that they could not claim to be of sufficiently high priority to justify their inclusion. It was suggested that in the light of responses from the LEP a report on NMiTE should be considered.

**RESOLVED: That the draft work programme as set out at appendix 1 to the report be approved, with the addition of the suggested consideration of NMiTE.**

**26. DATE OF NEXT MEETING**

Friday 29 November 2019.

It was also noted that the proposed meeting to consider the budget was now to be held on 20 January 2020, with the scheduled meeting on 27 January being retained in diaries for the timebeing.

**Appendix - Public Questions and Answers**

The meeting ended at 3.45 pm

**CHAIRMAN**





**PUBLIC QUESTIONS AND ANSWERS GENERAL SCRUTINY COMMITTEE**  
**22 October 2019**

Question 1

**Mrs Morawiecka – Breinton**

The Marches LEP loaned £1.697million to Herefordshire Council out of Growth Funding on the basis that this loan would be repaid by 31st March 2018. Herefordshire Council failed to repay this money in March 2018, contrary to the loan agreements they signed in 2017. Both the S151 and the Monitoring officer of Herefordshire Council, who were appointed after these loans were made, do not believe that such cross funding is permissible for a retained Dept for Transport project. Why did the Marches LEP think such use of Growth funds was appropriate, or even legal, for a project funded by the Dept for Transport?

**Response**

The £1.697million was a grant payment paid earlier than originally profiled to enable the LEP to deliver against its spending commitments for 2016/17. This related to eligible project activity relating to the South Wye Transport Package. The payment forms part of the agreed contract amount with Herefordshire Council over the life of the project and the LEP considers that the payment was an appropriate use of Growth Deal funds.

**Supplementary question**

Last November at the Public Inquiry into the compulsory purchase orders for the southern link road I raised a number of questions about the status of the funding received from the Marches LEP for this road project. In response solicitors representing Herefordshire Council submitted written representations to the Public Inquiry clearly stating at para 45 none of the £3,843,609.71 funding is in the form of a loan. Further on at para 47 they then said both the Marches LEP and the LEP's S151 officer confirmed that the grant of £1.697m is not repayable. Why do draft board minutes of the Marches LEP September 2019 meeting say that, "the LEP should seek to recoup the £3.8m claimed against the project" contradicting legal statements they made less than eleven months earlier. Has the Planning Inspectorate been notified that the assurances provided by the LEP at the Public Inquiry and which he relied on were completely incorrect?

**Response**

A written response will be provided.

**Written response**

No. There is no requirement to inform the Planning Inspectorate as the statements made at Inquiry were not incorrect. The public inquiry evidence referred to sets out the spend to date on the SWTP project and the funding received at that time. The LEP minutes refer to a process for drawing back grant should the Marches LEP consider the SWTP is not going to proceed in accordance with the grant agreement. There is no contradiction between these statements.

## Question 2

### **Mr Palgrave – How Caple**

The Marches LEP supported the Hereford City Centre Transport Package with over £40million of Growth Funds, to deliver 800 new homes in the urban village, an integrated transport hub and over 700 jobs, as well as the City Link Road. This transport package is due to complete at the end of this year (2019). However, despite the passing years, no planning application for the transport hub has yet been submitted and delivery of the regeneration of Commercial Road, Newmarket Street and Bluecoat Street is unclear. In view of Herefordshire Council failing to complete the transport package by the deadline, will the Marches LEP require Herefordshire Council to repay the money spent to build the City Link Road, as none of the other transport elements that were part of the original project have been progressed?

### **Response**

The LEP has been kept up to date with the programme for the delivery of the Hereford City Centre Transport Package. I understand that the design and development of the transport hub and public realm improvements is progressing and that the Council remains committed to delivering these elements of the package. Engagement with stakeholders in the development of the design is underway and Public Consultation prior to implementation is scheduled to take place later this financial year. The LEP will continue to monitor the progress being made to ensure all elements of the package are delivered. As a consequence of the delivery of the City Link Road a number of outputs have been achieved to date, with the potential to increase outputs through the GP Hub development and planned Student accommodation. The LEP does not consider that it is appropriate for Herefordshire Council to repay the money spent on the City Link Road.

## Question 3

### **Mrs J Morris – Hereford**

The Marches LEP annual report 2018 says that the South Wye Transport Package is a £40million transport package. This transport package is shown throughout Herefordshire Council documents as costing £35million, £27million from the Department of Transport and £8million provided by Herefordshire Council. Is the Marches LEP making additional funding available to help deliver the full scheme of Active Travel Measures for which there is now insufficient funds available.

### **Response**

This is a typographical error. P8 should read £35million and not £40million. I understand that the current cost of the South Wye Transport Package remains at £35m and the LEP has not been asked to make any additional funding available.

#### Question 4

##### **Mrs Wegg-Prosser – Breinton**

What steps are the Marches LEP Board taking to re-define the Marches LEP, not as a Place that is Open for Business, but rather as a Place dedicated to Sustainable Economic Growth that recognises the obligations imposed by Climate Emergency declarations, monitors progress in low carbon investments and seeks to assist in the achievement, as a minimum, of the Government's fourth carbon budget (2023-27), a budget which is currently not on track?

##### **Response**

The LEP Board agreed a new vision as part of its Strategic Economic Plan update in 2019 and part of this vision is that the Marches is '*a place that is open for business*'. Within the Marches Local Industrial Strategy which is currently being developed, business growth and productivity is framed within the national government's Clean Growth Grand challenge. Here, it is acknowledged that The Marches has a key role to play in contributing to the UK's shift to clean growth and zero carbon and that it has local expertise to improve business productivity and support clean, inclusive growth.

##### **Supplementary question**

In the light of many local authorities including this one signing up to the climate emergency declaration and the Marches LEP framing its industrial strategy round clean growth grand challenge leading the world in the development, manufacture and use of low carbon technologies, systems and services that cost less than high carbon alternatives why does the Marches LEP continue to promote an unqualified vision which is merely a statement of the obvious: open for business.

##### **Response**

The LEP's purpose was to ensure the economic growth and economic wellbeing of the three local authority areas. The climate emergency was acknowledged.

The LEP was developing plans including an energy strategy. The LEP would take account of the effect of climate change on business and communities going forward.

Consultation was currently taking place on a Local Industrial Strategy.

#### Question 5

##### **Mrs J Richards – Hereford**

The Marches Vision includes mention of the area as a visitor destination, attractive to people looking for a high quality experience. What support is being given by the Marches LEP to promote better public transport, particularly good rail access to the major cities along with safe, integrated cycle networks that support sustainable tourism across the beautiful area that is the Marches?

##### **Response**

To support the Marches as a visitor destination, the Marches LEP has funded research into the development of a Marches wide Tourism Strategy. This draft strategy, which will be signed off by local authority partners and the LEP Board over the coming months, sets out

the opportunities for the sector and areas for development, including the need for investment in facilities to support activities in the countryside and ensuring that the needs of visitors are considered in infrastructure investment.

The Marches LEP Board has a transport sub-group to advise on all transport matters to support the delivery of the LEP's Strategic Economic Plan, ensuring that transport investment, including active modes, is closely aligned with the wider policy objectives of both the Local Transport Authorities and the LEP's strategic priorities including economic growth, carbon reduction and social inclusion. The Transport Officers Group (TOG), which includes representatives from the three local authorities, provides support and guidance to the LEP Board on the development of transport policies and programmes, and builds a strong evidence base for transport investment.