

GLOUCESTERSHIRE ECONOMIC GROWTH JOINT COMMITTEE

MINUTES of the meeting of the Gloucestershire Economic Growth Joint Committee held on Tuesday 30 May 2023 commencing at 10.00 am at the Cabinet Suite - Shire Hall, Gloucester.

PRESENT MEMBERSHIP:

Cllr Richard Cook
Cllr Tony Dale

Substitutes: Cllr Natalie Bennett
Cllr Max Wilkinson

Apologies: Cllr Richard Stanley

Cabinet Member: Cllr Philip Robinson

2. MINUTES

2.1 As there was only one meeting left in the Committee's calendar, Committee members agreed to retain the current Chair.

2.2 The minutes of the meeting held on 15th March 2023 were approved by the Committee as a correct record and signed by the chair.

3. DECLARATIONS OF INTEREST

3.1 Cllr Tony Dale declared an interest as a member of the stakeholder management group for the RAU (Royal Agricultural University) project presented in item 5.

4. NATIONAL GRID CAPACITY IN GLOUCESTERSHIRE

4.1 Stuart Jones and Barrie Hill, National Grid Electricity Transmission (NGET), gave this presentation. They explained that there was a significant growth projected in contracted generation by 2030 and this was not matched with expected need. It was also explained that each new connection required a bespoke physical connection to connect with the transmission system, and each new connection required more complex work. This meant that customers further back in the queue would be more difficult to connect. The application for a position in the queue was explained to cost in the £10,000s and customers were allocated on a first come first served basis. It was stressed that this first come first serve process created backlogs when the next customer in the queue had not met their connection milestones on their end. The intention was to implement a two-step process which would allow the National Grid team to move past stalling customers. Several further steps that were hoped would speed up the connection process were also explained. It was explained that locally (South Wales and South West), the grid was at capacity for new

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generation connection applications. This meant that any new applications to connect up a solar or wind farm would be held off for at least 10 years. Over 30GW of generation was contracted for connection in the region and another 30GW was in the application process. This meant that, more so than nationally, the South Wales and South West region had significantly more contracted generation than expected use. The National Grid team were working on reinforcing a few key circuits in the region and the hope was that those reinforcements would free up capacity to connect customers that were already contracted. It was also explained that significant new 400kV electricity connections in the region would require a new substation as the Walham Substation was full. It was highlighted that, for National Grid, the restrictions on supply connections were not seen on the demand side.

4.2 In response to a question about who decided which connections to make, it was explained that the rules around connections were codified and National Grid had to follow them. It was explained that if a customer applied for a connection, they would have to make a valid offer to National Grid. It was explained that there were currently customers that were ready to provide energy to the grid, but were waiting because of works required on the transmissions system and/or the distribution system.

4.3 A member asked for clarification around the frameworks that had been discussed. It was explained that those frameworks related to how the National Grid team received their funding from Ofgem (Office of Gas and Electricity Markets). Under the regulatory framework, if there was no driver (i.e. a customer application) for the work then National Grid would not receive funding. This meant that they could not work pro-actively and build capacity in anticipation of customers.

4.4 In response to a question on brownfield development sites, it was explained that even though those sites could have already been connected to the grid when they were operating in an industrial capacity, when redeveloped, they would still need to go through the process and wait in the queue if work needed to be done.

4.5 In response to a question about the DNO (Distribution Network Operator), it was explained that National Grid Electricity Distribution (NGED) was the main provider for Gloucestershire.

4.6 In response to a question about a mismatch in supply and demand, it was explained that the current grid was built for coal power plants and nowadays generation was much more sparsely distributed. The change to solar and wind generation did mean that there was a disconnection between power use and power supply and the intention was to avoid asking the public when to use electricity by targeting large industrial partners to reduce electricity use when supply was lowest. It was also explained that there was a secondary market for places on the connections queue and that was causing significant problems.

4.7 In response to a question about the intentions in Gloucestershire for new renewable energy projects, it was explained that genuine and viable new projects were very welcome, it was the projects taking up space in the queue that were going nowhere that were causing problems. However, there would still be significant delays to new renewable projects set up due to the queue and the time it took to develop infrastructure for big new projects. National Grid were looking at how batteries could be used to support the system and its oversupply.

4.8 A member asked about local decarbonisation schemes like electric vehicle charging points, it was explained that in theory additional charging points would not be a problem for transmission, but they might have practical requirements such as needing to dig up roads to put in new cables.

4.9 A member asked about the relationship between National Grid and NGET. It was explained that NGET was one of four subsidiaries under the National Grid umbrella company. It was explained that NGET had to be treated like any other external company and could not be treated favourably. It was acknowledged that that relationship could be confusing to the public.

4.10 In response to a question about small modular reactors that were planned for Gloucestershire, it was explained that those would have to wait until at least 2037/38 to be connected and under the current rules, there would be no mechanism for expediting the connection of those projects.

4.11 In response to a question about blackouts, it was explained that there were periods last winter where the system was close to blackouts and that was because of a series of unlikely scenarios that aligned. Had there been further stress on the system at that time then local blackouts could have been triggered. It was explained that the UK's network was 99.9999% reliable and further reinforcing the system to be resilient to all those unlikely events co-occurring would be very expensive.

4.12 A member asked about a large local development facility that was in discussions with the DNO about being provided with more electricity. The officer explained that DNOs charged what new connections would cost them. That meant that the first customer in an area would be required to pay more, as future customers would require less additional work.

5. RAU INNOVATION VILLAGE UPDATE

5.1 Graham Pollard and Katharine Clough, RAU, and Russell Nunn, Ridge and Partners, gave this report. They explained the Innovation Village was a landscape led, highly sustainable, multi-use development that would focus on food security, climate change and sustainable land use. The innovation village had been launched in January 2023 with an event that brought together a number of stakeholders. Since January, the Innovation Village team had met with the Gloucestershire Communities Council to explore taking practical concepts from the Innovation Village out to local communities (such as training, learning and food). They were also collaborating with local partners, such as the Golden Valley Development, to make the most of partnerships. Some soft market testing had also been launched to understand the needs and requirements of businesses in the county with the intention being to feed that back into the design of the Innovation Village. There was also community engagement planned for the summer with an array of local partners. The plan was to complete consultations ahead of the outline planning application and business appraisal.

5.2 A member asked when the outline planning application was scheduled for. November 2023 was given as the target month.

5.3 In response to a question about timescale for getting shovels in the ground and for getting tenants, it was explained that the intention was to break ground in early 2025. However, RAU was not in a position to provide substantial amounts of capital for that. So far, feedback from potential investors had been positive and the intention was to take on investment offers once they had a

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better market understanding. The plan was to build a tenant pipeline in advance of the development being ready so that tenants were ready to move in once the buildings were available.

6. BUSINESS RATES POOL

6.1 Andrew Cummings, Strategic Director of Resources, Stroud District Council, gave this report. He broke down the three tables on the report that indicated:

1. Business rates growth across the County
2. The implication of growth on pooling gain
3. Estimate for the coming year

The officer explained 15% of growth was paid back to central government but that growth had increased since last year to over £14 million. The gain from pooling had been £3.56 million which was in line with predictions. £713,000 would go to SEDF, £570,000 would go to the County Council and £2.2 million would go to the Districts Authorities. Growth was predicted for all Districts for next year, but the levy would increase from 15% to 21%. Despite that, there was a predicted £910,000 gain to SEDF next year.

6.2 It was suggested that the officer bring a summary covering the last few years to the next meeting.

ACTION – DSU to add a Business Pool summary to the 7th September meeting

6.3 Philip Robinson, Cabinet member for Education, Skills and Bus Transport, welcomed the reported growth and asked whether a more strategic approach could be taken when allocating funding. He noted that the current process was quite “first come first served”, and suggested a longer vision of what funding bids were in the pipeline would allow for more rigorous selection. Officers agreed on the need for a more strategic approach and explained that that could be implemented in the new City Region Board. It was explained that the Senior Officer Group (SOG) was already discussing how best to understand the pipeline of upcoming bids to allow for better decision making. The Cabinet Member stressed that it would be important to attempt to establish a new strategic process in advance of the inauguration of the City Region Board such that that new body would be in a good position from the start. It was also suggested that this strategic approach could be lined up with Economic Dashboard data and the LEP’s (Local Enterprise Partnership) strategic planning.

ACTION – SOG to provide a report on developing a strategic approach for a SEDF funding pipeline to the 7th September meeting

7. GFIRST LEP UPDATE

7.1 David Owen, Director of Economy and Environment GCC and Chief Executive GFirst LEP gave a summary of the report. He highlighted three key points from the proposed changes for LEP funding from central government:

1. Recognition that if government decided to go ahead with pulling core funding for LEPs beyond this financial year then it would be very difficult for the County Council to absorb the LEP’s responsibilities without additional funding.

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2. Timescale was also tricky. In GCC, the LEP had a simple set up with no assets attached to it. That was not the case in most LEP areas. Therefore, timescales were uncertain, particularly as the government's plans were likely to be published after the summer recess. The officer explained this uncertainty made planning very difficult.
3. Government needed to be very clear with expectations from 1st April 2024. There needed to be clear guidance on what it expected from local authorities and what level of local authority was expected to pick up the different responsibilities of the LEP.

The officer also highlighted inward investment as an LEP success story for driving value for GCC.

7.2 A member asked whether the officer would bring his proposals to GCC cabinet over the summer. The officer explained they needed to wait for more direction from central government so that might come in the autumn.

7.3 In response to a question about the timeline for the economic strategy draft, the officer explained that he would have to check, but would likely have something to bring to the next GEGJC meeting.

ACTION – DSU to liaise with David Owen on bringing an economic strategy draft report to the 7th September 2023 GEGJC meeting

7.4 In response to a question about business groups, the officer explained that the feedback had been that business groups wanted to continue meeting despite the loss of funding. He explained it was still to be worked out how to provide for that.

8. GCC ECONOMIC DASHBOARD

8.1 Katherine Martin, Data and Analysis Manager, gave a verbal summary of the Economic Dashboard. She explained that total output of the Gloucestershire economy was estimated to be £119.1 billion pounds, representing 3% of the South West's output and 1% across England. Gross value added (GVA) per head was £29,574 which was above the Southwest average but below the England average. Manufacturing was the biggest contributor to the Gloucestershire's GVA in 2021, followed by wholesale and retail, and then real estate. Since 2016, GVA had increased in Gloucestershire at a higher rate than the national average. The officer also summarised the economic inactivity data which had a better breakdown than could be brought to previous meetings. She highlighted that over 60% of the economically inactive were in the 65+ age group. The increase in economic inactivity seemed to be driven by a significant increase in retirement in the 65+ age group but not for the 50-64 group who were more likely to leave the workforce for other reasons such as illness or childcare. There was also an increase in the long-term sick in younger cohorts, as well as an increase in the number of students in the 16-24 cohort.

9. WORK PLAN

9.1 The following changes were requested for the work plan:

A member questioned the Economic Inactivity and Employment and Skills Hub Outreach item planned for the 7th of September as it seemed to cover two separate topics. It was suggested to rename the item for clarity.

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The chair asked for the previously discussed Business Rates Pool 2/3 year summary to be combined with a Business Rates Pool update for Q1.

The chair asked Gareth Edmundson to combine the SOG strategic update with a City Region Board update.

The Chair asked for a Gloucestershire Growth Hub Network update to be rolled in with the LEP update.

Two items in the unscheduled items section were suggested to be taken up by the City Region Board (“The decline in apprenticeship starts amongst under 19s” and “Sector Profile: Agritech and farming (representatives from RAU/Hartpury/Farm 491 to be invited)”).

ACTION – DSU to liaise with officers to make the work plan adjustments.

CHAIRPERSON

Meeting concluded at 11:45