

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Monday 4 March 2024** at **9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors A Surtees, A Batey, R Crute, D Freeman, P Heaviside, G Hutchinson, C Lines, R Manchester, J Miller, K Robson and K Shaw

Co-opted Members:

Mrs R Morris and Mr E Simons

Also Present:

Councillors E Adam, A Reed and J Rowlandson

Prior to the commencement of the meeting the Chair referred to the sad passing of Councillor Isabella Roberts and asked Members to stand for a moments silence.

1 Apologies for Absence

Apologies for absence were received from Councillors G Binney, M Currah, R Ormerod and M Stead.

2 Substitute Members

There were no substitute Members.

3 Minutes

The minutes of the meetings held on 18 December 2023 and the Special meeting held on 12 January 2024 were confirmed as a correct record and signed by the Chair.

The Chair referred to the minutes of the meeting held on 12 January 2024 with regards to concerns raised at the meeting in relation to the Masterplan Activity report and the Council House Delivery Programme report and presentation. He wrote to the relevant Cabinet Portfolio Holders expressing the Committee's concerns and requested a response, which had been circulated to Members of the Committee. It was suggested that the Cabinet Portfolio Holders attend a future

meeting to discuss responses provided. Unfortunately, Councillor Scott, Cabinet Portfolio Holder for Economy and Partnerships was unable to attend the meeting, however the Chair thanked Councillor Rowlandson, Cabinet Portfolio Holder for Resources, Investment and Assets for attending to discuss his response in relation to the Council House Delivery Programme.

The Chair sought clarity on whether the target to deliver 500 homes by 2026 remained realistic and achievable and how this would be delivered, either through the provision of new build homes or acquisition of properties by the Council. He questioned how the authority would be able to deliver 500 by 2026 when no new Council homes had been delivered to date and asked whether the target needed to be reviewed or whether the Council House Delivery Programme was no longer a priority. He added that Durham County Council owned 130 properties, however these had been acquired and were separate from the new build properties. He highlighted that some sites were no-longer viable and presumed that as an Authority, the first stage would have been to check viability of sites.

The Cabinet Portfolio Holder Resources, Investment and Assets advised that the programme was still a priority, 250 homes would be built in Seaham this year, therefore the target was achievable by 2026. He explained that the programme had not been given the best sites initially and that a re-evaluation of all sites had to be undertaken to determine their viability. He confirmed that since the sites were initially identified there had been global changes which had impacted on the building sector such as the COVID pandemic and the war in Ukraine resulting in increased costs and highlighted that the 'landscape' had completely changed and clarified that consultants had been used to assess the suitability of the sites.

The Housing Delivery Manager advised that when Cabinet originally adopted the programme, the sites allocated were in Durham County Council ownership and could principally support housing development. The sites were then assessed looking at technical challenges which identified the viability and constraints of the various sites. In relation to some sites, more work was undertaken which then determined some to be unviable. He reiterated that external factors had impacted the programme including the pandemic, the war in Ukraine and the resulting inflation costs in the construction sector, therefore the initial model had to be revisited. An external consultant was brought in to look at the proposed programme and to suggest how the programme could be remodelled and which areas were still viable. He added that Cabinet had agreed the revised approach to securing a main contractor and once the contractor was in place, work would commence on the first two identified sites and look at the other sites identified within the programme to revise plans if appropriate. It was noted that once the main contractor was in place they would facilitate a rolling programme of delivery.

The Cabinet Portfolio Holder added that smaller sites had been identified for the programme to ensure that people could stay in their local their communities.

The Chair asked if the sites identified were able to support programme and why were the sites allocated when they were not viable. The Housing Delivery Manager advised that the standard process would initially identify sites in principle and as the process progressed there would naturally be a number of sites that were not suitable once the more detailed stage of the process was undertaken. Phase one and two sites had been approved and the main contractor, when in place, would then revisit the more challenging site and identify constraints around those sites. They were also working closely with colleagues in Corporate Property and Land (CPaL) to identify additional suitable sites to be included in the programme.

The Chair commented that he had suggested at a previous Economy and Enterprise Overview and Scrutiny Committee that the authority may want to revise the new Council house target, however he was advised this would not be the case. It was noted that the cost per unit had decreased and was between £120,000 - £130,000 and sought clarification as to whether the new Council house programme was included in the Capital Build Programme budget. The Housing Delivery Manager advised there was no direct capital input from Durham County Council and in 2020 there was an assumption that each property would have a grant from the local authority of approximately £25,000 per unit with £4.5 million capital kept to fund any issues which may arise in relation to the various sites when delivering the programme. He confirmed that the programme would be funded via a borrowing mechanism from the Housing Revenue account.

In response to a query from Councillor Robson regarding whether the necessary infrastructure such as Doctor's surgeries and Dental practices had been considered to accommodate the resulting increase in population, the Housing Delivery Manager confirmed that this was considered during the planning application process and various consultation mechanism that were in place.

Councillor Shaw sought clarity with regards to the term used by the Cabinet Portfolio Holder "not given the best sites" and asked for this to be given context as he felt the comment implied that this was the result of the previous administration. The Cabinet Portfolio Holder Resources, Investment and Assets explained that some of the sites were not viable and used the example of one of the sites having Japanese knotweed on the site, therefore had to re-evaluate the viability of the previously determined sites.

With regards to affordable housing units, Councillor Shaw noted that the annual target was 836 units and asked why only 464 affordable units had been delivered within the county which was well under target and noted the lack of progress that had been made since 2021 and was not convinced that 500 new council homes would be delivered by 2026. He further queried the reason why the Portland site at Seaham had been delayed when it was identified in 2021.

The Cabinet Portfolio Holder Resources, Investment and Assets advised that he was not responsible for the market and highlighted that the programme would have

to go through due diligence which was time consuming. He reiterated that Karbon Homes were building 250 homes in Seaham and added that the Authority had purchased 130 homes and as new builds come online the programme would grow exponentially when the main contractor was on board to target the best sites and move the programme forward. He added that it would be easy to build 250 houses on one site, however they wanted to create builds in every part of the county.

The Chair clarified that they were discussing the 500 new build delivery, not the 130 homes that had been purchased.

Councillor A Batey was still unclear about the 500 new council homes and did not feel that the questions had been answered. The report considered by the Committee did not provide clarity and she was concerned that the 500 new Council houses would not be delivered by 2026. She acknowledged that due diligence was needed within the process, however, was not convinced that assurance was provided as allocated sites had still not been identified.

The Housing Delivery Manager advised that the sites had been allocated for phase one and two however some of these may have viability issues and may not progress. There were still a number of sites that could be worked on. The main contractor would review the more challenging sites when appointed and provide a better idea whether they could be developed, together with a timeline and build out rates. He advised there was a five-year programme in relation to the removal of the Japanese knotweed and the service were in discussion with CPaL with regards to identifying a range of other possible sites to be assessed.

Councillor A Batey stressed that she was still uncomfortable with the 500 build out target and would feel more comfortable if there was a discussion regarding whether the 500 target was achievable.

Councillor Miller referred to the other possible sites identified and noted that Members would not have visited the sites and the contractor would assess the sites once appointed. He asked if the service had visited the sites and spotted any issues that may delay the process. He added that the planning permission process would have to be undertaken which involves consultation with external bodies and local Councillors and the build itself could experience delays. It was a long process and currently only 42 houses had been allocated therefore a lot of work needed to be done before 2026.

The Housing Delivery Manager advised that the 130 houses were acquisitions that would be purchased by the end of the financial year, and 42 units would be delivered on the first two sites. In relation to phase one sites, specialists were used and pre application discussions were taking place with colleagues in planning to speed up the process. Planning permission may create uncertainty in relation to timescales, however they would be working with the main contractor to determine how many sites could run concurrently.

In response to a query from Councillor Surtees with regards to whether brownfield sites and the Brownfield Land Release Fund had been considered, the Cabinet Portfolio Holder for Resources, Investments and Assets advised that devolution had impacted this, however he confirmed that they were looking at brownfield sites frequently and accessing the Brownfield Land Release Fund.

Councillor Surtees referred to the housing crisis and homelessness agenda and had a concerns about delivery of the programme. She suggested that the programme be looked at and further detail be provided for the Committee to consider. As a local Member, she had not been contacted to discuss any of the identified sites and proposed that the report provide further detail on the delivery, achievement and capacity.

The Chair suggested that Economy and Enterprise Overview and Scrutiny Committee discuss the programme further and review the target as the Committee had real concerns. The Cabinet Portfolio Holder, Resources, Investments and Assets agreed to report back to the Committee when the main contractor was in place and further details could be provided.

Responding to a question from Councillor Lines as to whether the Cabinet Portfolio Holder was confident that the target was achievable, the Cabinet Portfolio Holder Resources, Investment and Assets assured the Committee that the delivery programme was heading in the right direction.

4 Declarations of Interest

There were no declarations of interest.

5 Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or interested parties.

6 County Durham Skills Development

The Committee received a report of the Corporate Director of Regeneration Economy and Growth that set out the current progress in supporting skills developments across County Durham in line with the Inclusive Economic Strategy (IES) and Delivery Plan. The report highlighted recent policy changes and reflects current funding opportunities presented by the County's UK Shared Prosperity Fund allocation in addition to work underway at a regional level as part of the Devolution of the adult skills budget. Members also received a presentation from the Economic Development Manager (for copy of report and presentation slides, see file of minutes).

The Head of Economic Development provided a detailed presentation that focused on the:-

- Baseline Position;
- Emerging Skills Issues;
- Regional Skills Focus;
- Inclusive Economic Strategy (IES) Skills Priorities
- Shared Prosperity Commissions.

With regards to the emerging skills issues at a National Level, the Head of Economic Development highlighted that there was a need to focus on Lifelong Learning and reposition the economy post Covid in terms of skills deficiencies with a particular focus on skills for jobs, boosting apprenticeships, traineeships and basic skills levels in to meet employer needs and individual aspirations.

Focus would continue to develop technical education levels with the move towards the 2nd generation T-level qualification. It was noted that within the County, the Institution of Technology was the largest early adopter of the T-level qualification and was hosted by New College Durham (NCD).

The narrative at a nation level and Overview and Scrutiny discussions highlighted the lack of employer awareness around technical qualification. There were continued discussions with employers to articulate the skills required in terms of technical skills or a mixture of technical skills and soft skills which would be built into the business support programme.

The Head of Economic Development highlighted that green skills was an area of rapid development. Objectives to support a low carbon economy was included in the IES and green jobs were being embedded across a wide range of sectors and job roles. With regards to employability, soft skills such as critical thinking, innovation and collaboration remained an important part of skills development and the green transition and needed to be embedded to develop opportunities. It was noted that 80% of the 2030 workforce were already in employment and the green skills transition would mainly involve upskilling existing workers with a range of education providers in place to support and deliver training. A Green Jobs Delivery Group had been established to set out plans to grow a green workforce and to embed in the Local Skills Improvement Plans (LSIPs).

As part of the Devolution Deal, there was a clear focus on improving the skills system within the North East. The Combined Authority would be responsible for the £64 million skills budget and the priority was to set up processes to ensure that colleges and training providers had funding in place to deliver from the 1 August 2024 and to put in place a skills strategy to ensure that the Devolution ambition was supported by the skills strategy to drive protectivity and support progression of individuals.

Mrs Morris thanked the Economic Development Manager for a comprehensive overview of the skills level. She suggested that a structure was needed, and asked whether Durham would put something together to engage with the relevant parties/groups and how would this be delivered. She asked about the roles of the Local Enterprise Business Partnership and the consultant, adding that this was about individuals obtaining the best role in employment. She advised that the best place to provide future careers advice and support was in schools and asked about engaging schools in the process, as there was a variation in provision within schools. She continued that some schools were better than others with regards to providing careers advice.

The Head of Economic Development advised that this was a national issue and work experience for school aged children had ended. He added that County Durham aimed to build a careers framework as a local resolution to a national issue. He confirmed that developing the framework was ongoing with UKSPF set aside and work was ongoing to identify future skills demands to ensure that colleges and training providers deliver the right training.

Mrs Morris noted in the presentation that some of the FE colleges were the main recipients of the funding and were delivering various skills courses in the county, however other FE colleges in the county were not delivering those courses and therefore not in receipt of the associated funding. She asked how could anyone from North West Durham access courses that were only available at NCD or East Durham College. She added that no part of the county should miss out and that all young people should have access to the courses available or the county would lose out on developing a skilled workforce.

The Economic Development Manager assured the committee that work had been carried out with other colleges and that regular meetings were held with training providers and that there were collaborative projects undertaken with other colleges, although there was independent collaboration too. The County Durham Economic Partnership and its sub-groups involved various colleges within the county, and it was confirmed that the colleges had been involved in the work on the Inclusive Economic Strategy. In addition, Schools and FE Colleges sit on the County Durham Economic Partnership Skills Development Group. He explained that the skills offer was available in all parts of County Durham, however Derwentside College used a different model offer than other colleges with a focus on apprenticeships. In relation to going forward, he confirmed that the service was looking at the provider base and used a postcode mapping to identify where the demands for skills were and what skills providers needed to supply.

Mrs Morris commented that she would like to see an action plan model for the whole of the county.

Councillor Lines referred to Durham County Council using business and enterprise and highlighted that the private sector had an insight into the skills needed in the

short to long term. He asked what was being done to harness this insight. He continued by asking what was being done collectively to inform young people about skills and jobs to inspire them on how skills shape the economy. He then referred to NETPark's Science Live that had input with local schools.

The Head of Economic Development advised that the jobs on offer at NETPark were technical jobs and that it was exciting to engage with young people in all sectors. He confirmed that the UTC at Newton Aycliffe was heavily involved in inspiring young people in relation to various technical jobs. In addition, there was the Catapult and the various outreach programmes, together with the Future Business Magnets Programme, that would attract young people to become involved in business ideas. It was noted that there was a national challenge to obtain involvement from science parks. He acknowledged that more could be done in relation to NETPark and getting local communities engaged in the work being undertaken on the site.

Councillor Adam suggested that employers did not understand the skills offer available with employers upskilling existing employees rather than taking on apprentices and new employees and that they needed to hear more about the opportunities available via the apprenticeship offer. He continued that in relation to the green skills gap with demand outstripping the available workforce, attracting people to this sector was difficult as the green industry currently does not employ in large numbers. He questioned how could you attract to jobs that were currently not on offer. He referred to funding that was available, however this was mainly going to digital areas rather than green jobs.

The Economic Development Manager advised that Durham County Council had done a lot of work in relation to apprentices and had developed and managed an apprenticeship programme with Government funding across the county creating over a thousand apprenticeship opportunities for young people. He confirmed that work was ongoing at a regional level focusing on lifting the number of apprenticeships with discussions taking place with the Department for Education. He continued that Devolution was an important part of the skills offer with businesses invited to become involved in the future ambition for the North East. He added that there was alignment with FE colleges and skills for the future however it was difficult to quantify what they were contracted to deliver. He continued that money drives behaviours and there were issues with attracting people to sign up for training if it was not directly linked to a job opportunity as people were reluctant to fund themselves and highlighted the need for an effective joined up approach.

The Chair suggested that as the council were administering the UKSPF funds, there should be a mechanism to monitor FE colleges performance and see how they were delivering opportunities via a report showing delivery. He continued that he did not want to see the NELSIP distracting from the skill development needs of County Durham residents and concluded by highlighting the need for funding to go to the end user rather than funding the administration costs of the scheme.

Resolved:

- i) That the work undertaken to develop and embed the Local Skills Improvement Plan be noted;
- ii) That the development, commissioning and delivery of skills initiatives in line with the People Theme of the Inclusive Economic Strategy be noted.

7 Minutes from the County Durham Economic Partnership Board

The minutes of the County Durham Economic Partnership Board held on 13 December 2023 were noted for information.

8 Any Other Business

The Chair reminded Members that a Special Joint meeting was scheduled following the meeting to focus on the second draft of the Destination Management Plan for County Durham. He also reminded Members that a further Special Joint Committee scheduled for 12 April 2024 would be focusing on the County Durham Visitor Economy and a workshop on the 17 April 2024 would be focusing on the new Place Brand for County Durham.