

DURHAM COUNTY COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the Scrutiny Sub-Committee for Building A Strong Economy
held at the County Hall, Durham on **Monday 13 March 2006 at 10.00 a.m.**

Present:

COUNCILLOR PYE in the Chair

Members:

Councillors Armstrong, Chaplow, Chapman, Coates, Lethbridge, Marshall, Meir, Simmons, Southwell, Williams and Young.

Other Members:

Councillors Barker, Bowman, Douthwaite and Gray.

Apologies were received from Councillors Cordon, Fenwick, Fergus, Martin and Robson.

A1 Minutes

The Minutes of the meeting held on 5 December 2005 were confirmed as a correct record and signed by the Chairman.

A2 Declarations of Interest

There were no declarations of interest.

A3 Any Items from Co-opted Members and Interested Parties

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

A4 **Europe and the County Durham Economy**

The Sub-Committee received a presentation by Yvonne Edwards, Team Leader, Europe (for copy of report and slides of presentation see file of Minutes).

During the presentation the following issues were covered:

- Context
- European Service Aims
- Current Programmes
- Objective 2 Programme 2000-2006
- Entrepreneurial Culture and Small and Medium Enterprise Growth and Competitiveness
- Strategic Employment Opportunities
- Target Communities - Building Capacity and Connecting with Jobs
- Objective 3
- The County Council's award winning welfare to work service has been funded through Objective 3
- LEADER
- URBAN II
- Other Programmes
- New Programmes 2007-2013
- Structural Funds 2007-2013
- County Durham Situation
- Process
- Current Position
- Timetable
- Key Issues for County Durham
- Further Information

In relation to County Durham's situation it was highlighted that despite the significant amounts of funding going into County Durham from Europe the economy is still growing at a slower rate than other parts of the U.K. This would appear to be partly because the local economy is largely based on branches of larger organisations which can be re-located easily to other countries and areas, rather than home grown business.

Another major feature is the numbers of people on long term benefits, especially incapacity benefit. Also, the working population is ageing therefore there are less people in working employment and few business start up.

In relation to the New Programmes 2007-2013, the Structural Fund has 3 strands, convergence (less than 75% average GDP EU25), competitiveness (all the rest) and co-operation (all regions through geographical programmes).

The process is that the European Commission produces Community Strategic Guidelines outlining how money can be spent. The National Government then has to produce a National Framework which sets out the broad strategies and policies about how it would like to see the money spent and how that fits with the EC guidelines. When finished the National Framework will be translated into a regional operational plan to deliver actions against agreed targets for the period 2007-2013. The regional programme will be determined by the contents of the Regional Economic Strategy, Regional Spatial Strategy and other key strategic documents.

With reference to the current position, it was confirmed that there will be 3 consultations from Central Government in relation to the National Strategic Reference Framework, Regional Aid the Rural Development Programme.

Councillor Armstrong requested clarification as to whether support was being given from the MEP's.

It was confirmed that the Team works very closely with Stephen Hughes who arranges meetings with appropriate parties.

Councillor Barker asked whether County Durham would qualify for Assisted Area Status.

The Sub-Committee was informed that Cornwall will receive convergence money and therefore will immediately receive Assisted Area Status however in relation to the rest of the U.K. it is at the discretion of the Government as to who gets Assisted Area Status. In relation to the current programme part of Derwentside, Sedgefield and Easington receive money which can be used to help local businesses.

Councillor Barker continued by asking whether super output areas will be used to determine the distribution of Assisted Area Status funding. Yvonne responded that the Authority had been consulted about various indicators that could be used one of which were super output areas, a decision is still being awaited.

Councillor Southwell continued that reference had been made during the presentation to lobbying. He asked what assistance MPs were giving and at what level is lobbying being driven by the Authority.

The Sub-Committee was informed that the Authority and Tees Valley were working together. It was confirmed that the Chief Executive, Councillor Manton and Councillor J B Walker have regular meetings with local M.P.'s and it was emphasised that Stephen Hughes MEP had been particularly helpful in raising issues/arguments with our own Government.

Councillor Marshall made reference to the £1 million which had been given to encourage young people to stay on at school. The money was to be targeted at Derwentside, Sedgefield and Easington, however this was spread through the County not to those areas that need it the most. In addition he highlighted the need to ensure that small home companies/businesses receive investment rather than companies from outside the U.K.

Yvonne responded that there is a need to ensure that in the next programme that the money is invested in the right areas.

Councillor Young indicated that he supported the comments made by Councillor Marshall and that there was a need to support smaller local businesses rather than companies from abroad.

He continued that in his view the Authority would receive less support from Government than anticipated and that it was down to the County to do the best that it can in relation to the local economy.

Yvonne continued that there is a need to tap into the various funding from Europe as much as possible. However she highlighted that it was important that Local Authority were able to influence the allocation of money and that there is a need to work on "cultural issues" to reduce the number of people claiming benefits and the issue of worklessness.

Councillor Young emphasised the need to be realistic over the share of European and Government support for the region and that the Authority would have to fight its own corner in relation to getting funds for the North East economy.

Councillor Lethbridge asked whether the Authority was getting the message across to the general public about European funding.

The Members were informed that the County Council currently has a bid into Europe to be a direct hub which will provide one telephone number for local people to get information about Europe.

Yvonne continued that in getting the message out there is a need for direction to be given as to what is useful, she highlighted that she would like to hear from Members as to what messages they would want to hear.

Councillor Lethbridge asked why the authority could not provide funding directly to "home grown businesses" to allow them to expand.

Yvonne responded that currently the system does not allow the Authority to give money directly to "Home Grown Businesses" however the Authority would need to campaign for Assisted Area Status in order to be in the best position to assist local businesses.

Councillor Barker questioned how outcomes from various projects can be measured. He continued that Easington had received a significant amount of money over time however it has not perhaps been targeted most effectively. He asked how performance can be improved.

The Sub-Committee was informed that there is a need for the correct targeting of money which should be lead by the County Durham Economic partnership. It was emphasised that currently spending is directed at a regional level however there is a strategy for County Durham which has targets.

Councillor Pye emphasised that there is a need to monitor which projects the authority directs money into and the outcomes which are produced. He continued that there is a need for the views of Overview and Scrutiny to be put to Cabinet during the consultation process.

It was suggested that a further meeting of the Sub-Committee be held to consider the current consultation papers particularly in relation to changes to European funding which will affect County Durham.

Resolved:-

That the report and presentation be noted.

5. Performance Management Report - 3rd Quarter Performance 2005/06

The Sub-Committee considered a report of the Head of Corporate Policy on performance of Best Value Performance indicators for the 3rd quarter for 2005/06 (for copy of report see file of Minutes).

In relation to paragraph 6, EC1 (local jobs supported through business grants and incentives) the Sub-Committee was informed that performance is low despite increases in the levels of assistance awarded from the beginning of the quarter through the incentives for Business schemes. However consultation with partner organisations both at regional level and locally has revealed that this level of activity is being experienced in other areas and is not unique to County Durham.

Resolved:-

That the report be noted.

6. Notes of Meeting with Cabinet Portfolio Holders for Economic Development

The Sub-Committee considered a report of the Head of Overview and Scrutiny concerning the notes of the meeting with the Cabinet portfolio holders for Economic Development (for copy of report see file of Minutes).

Resolved:-

That the report be noted.

7. Forward Plan

The Sub-Committee considered a report of the Head of Overview and Scrutiny with updated details of the Sections of the Council's Forward Plan falling within its jurisdiction (for copy of report see file of Minutes).

Resolved:-

That the report be noted.

8. **Work Programme**

The Sub-Committee considered a report of the Head of Overview and Scrutiny giving an update on the work programme for the Sub-Committee (for copy see file of Minutes).

It was suggested that a further visit be made to Netpark to let new members see the facility.

Resolved:-

That the report be noted and that a further visit to Netpark be arranged.