

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 10 September 2007** at **10.00 am**.

Present:

Councillor J Armstrong in the Chair

Members:

Councillors C Carr, R Carr, Chapman, Coates, Cordon, Knox, Martin, Meir, O'Donnell, Pye, Southwell and Stradling

Other Members:

Councillors Barker, Davies, Douthwaite, Gray and Holroyd

Co-opted Members

Mr M Iveson and Mrs E Richardson

Apologies for absence were received from Councillors Graham, Mason and Young and Mrs O Brown (Co-opted Member).

A1 Minutes

The minutes of the meeting held on 26 June 2007 were confirmed as a correct record.

A2 Declarations of Interest

There were no declarations of interest.

A3 Items from Co-opted Members or interested parties

There were no items raised from Co-opted Members.

A4 Building a Strong Economy – Quarter 1 Performance 2007/08

The Sub-Committee considered a report of the Head of Economic Development and Regeneration concerning the performance update for quarter 1 for the Authority's priorities relevant to the corporate aim, Building a Strong Economy (for copy of report see file of minutes).

Members were informed that there are 15 indicators aligned to Building a Strong Economy included in the Authority's priorities for improvement.

The Sub-Committee was informed that in relation to indicators not achieving quarter 1 targets but which had improved from the year end, they related to the number of businesses. With reference to deteriorating performance since 06/07 year-end, those indicators relate to the number of incapacity benefit claimants (Countywide), number of incapacity benefit claimants NRF districts.

With reference to the number of incapacity benefit claimants in the County this has reduced slightly from the last quarter of 2006/07 and is now back at the baseline position. However, the 2007/08 target for this indicator is 33,300 ie, 2,800 lower than the figure achieved. The nature of the activity required to improve this indicator means that any improvement is hoped to be reflected in the 2008/09 figures.

Elaine Richardson, Jobcentre Plus confirmed that the Pathways to Work Project, working with clients on an individual basis to get them back into employment is a long process which takes up to 18 months (the process involves training, up-skilling, confidence building and interview techniques).

In relation to the other indicators which did not achieve quarter 1 target, but remained static they are as follows:-

- Employment Rate
- New VAT Registrations
- Maintain the County GVA
- Number of Businesses
- NVQ Level 2 or equivalent across the County
- NVQ Level 2 or equivalent in Non-NRF Districts
- % of Working Age Population with NVQ Level 4 or higher.

Councillor Martin referred Members to Appendix A, Workspace units regenerated to modern standards and the comment that the County's LEGI was due to deliver this target but no buildings had been selected for regeneration for new business floor space, he emphasised that surely the need for this regeneration should be established before a target is set.

It was confirmed that the programme is negotiated with Government office and that the target had been set before the activity to deliver is confirmed. With reference to the number of units requiring regeneration, LEGI had recently carried out research which indicates that the target for 2007/08 of 20 buildings should be higher.

Clarification was requested as to what input the County Council has in relation to the setting of targets.

It was confirmed that Durham County Council and the County Durham Economic Partnership are represented on the LEGI Board and are consulted in relation to the setting of targets.

Feisal Jassat, Head of Overview and Scrutiny informed Members that Ann Campbell, Head of Corporate Policy and himself had been given the task of arranging a seminar/workshop for Members dealing with the issue of target setting on a local and national basis. It was confirmed that the seminar/workshop will be held in the next few months.

It was highlighted the need to ensure that any targets which are set are achievable.

Resolved

That the recommendations contained in the report be approved.

A5 The County Durham Economy

The Sub- Committee considered a presentation by Bob Ward, Head of Economic Development and Regeneration concerning the County Durham Economy (for copy of slides of presentation see file of minutes).

The presentation focused on the following:

- The Challenges and Opportunities for the County Durham Economy
 - The County Durham Economy
 - The County Durham Economic Partnership
 - The County Durham Economic Partnership – Major Achievements
- The Economic Challenges Facing the County – The County Durham Economic Strategy
 - The Emerging County Durham Economic Strategy – Our Economic Base
 - The CDES – Our Economic Base – Too Few in Employment
 - The CDES – Our Economic Base – too few companies, too few jobs
 - The CDES – level of qualifications gained
 - What if the current trajectories don't change

- Reviewing our delivery

- The Audit Commission Review and the GHK Review

- The Audit Commission Review of Regeneration in County Durham
 - The Audit Commission recognised the progress being made
 - The Audit Commission recommendations for service improvement
 - GHK Review of Economic Development and Regeneration functions
 - Consultants GHK led a review in November 2006
 - Main findings of the Review
 - GHK Review Recommendations

- Developing our Capacity to Deliver

- The Government Sub-National Review of Economic Development
 - Local Government Review
 - Sub National Review of Economic Development and Regeneration
 - 3 key principles
 - Sub National Review of Economic Development and Regeneration – key proposals for regions
 - Sub National Review of Economic Development and Regeneration – key proposals for local authorities
- Local Government Review
- Conclusions

Bob Ward, Head of Economic Development and Regeneration informed Members that County Durham has a high manufacturing base however the jobs which have come into the area to replace those lost in manufacturing are not of the same level, salary levels are lower.

In addition it was highlighted that the economic base within County Durham has too few companies with too few jobs.

In relation to the economic base it was highlighted that County Durham has a much lower participation rate than the national average together with a higher level of Incapacity Benefit claimants, there are too few in employment.

Councillor Southwell commented that in relation to increasing the number of companies, there are currently problems with congestion (confirmed by the Highways Agency) at major junctions within the County there is a need for investment in the transport infrastructure.

It was confirmed by officers that there are congestion problems however other areas such as the M25 have far worse problems and it is those areas that tend to get the investment from Government to improve the transportation network.

Councillor Barker highlighted that the information provided shows that County Durham is approximately 6,000 businesses short, is there any indication as to which sector/sectors the "missing" businesses belong.

In relation to business in County Durham it was confirmed that the area has a poor record in attracting Financial and Business Services to the area. It was emphasised that Tourism is an area of growth, however, it is not seen as a career opportunity as jobs tend to be low paid, there is a need for high quality Tourism jobs in the County. It was confirmed that there is a need to do more research in relation to sectors and market segmentation.

With reference to the skill base in County Durham Members were informed that the Leitch Study shows, that in relation to Graduates in the County the projected figures to 2020 shows that the County would need a further 64,000 Graduates.

In relation to current trajectories it was highlighted that there is very little to suggest that the current trend will not continue. It was emphasised that Cornwall was in a similar position to County Durham however it received significant resources from Government and has now 'turned the corner', it was confirmed that the current situation in County Durham will not change unless there are significant changes in Government Policy.

Concerning the delivery of services by the Authority, members were informed that the Audit Commission recognised the progress which had been made in relation to effective community engagement, good regeneration projects leading to more jobs, better education and skills and the establishment of new business locations along the A19 and at Netpark. In relation to the recommendations for service improvement, it was highlighted that there was a need to engage local people about the County Durham economy, local authorities in the County should work across boundaries working closely with partners and have dedicated support for the development and delivery of regeneration.

In relation to the GHK review of Economic Development and Regeneration Functions, it was highlighted to members that this review did not take into account Local Government Review.

With reference to developing the capacity of the Authority to deliver the Sub National Review of Economic Development and Regeneration, it was highlighted that there are three key principles, places should be enabled to reach their full potential, policy should be managed at the correct spatial role and clarity of roles need to be defined.

Concerning the key proposals for Local Authorities it was highlighted that Local Authorities will agree strategy and perform the scrutiny of the RDA, this is a key role for Overview and Scrutiny Members.

In relation to Local Government Review, potential benefits it was emphasised that Durham County Council will be the largest single local authority in the region, with an increased profile, increased asset base, improved strategic leadership and simplified partnership arrangements.

Councillor C Carr commented that Teesside is classed as the largest cargo terminal in the region however Durham is equally well placed as a result of the A19.

It was confirmed that the A19 does provide significant transportation opportunities which results in a number of logistic/enquiries from companies however the County does suffer from congestion problems at major junctions.

Clarification was requested in relation to the rail freight terminal at Tursdale, what was the progress to date. The officer informed the sub-committee that the proposals in relation to Tursdale had been kept within the Regional Spatial Strategy.

Councillor Davies commented that one of the major problems that will have to be overcome in the County is the low aspirations of people and requested clarification as to what work is taking place with the LSC and Colleges to tackle this issue.

Members were informed that the 'people issue' is being looked into by Ken Jarrold, Chairman of the County Durham Economic Partnership with a conference taking place in the near future to look at this issue. It was highlighted that there are issues to be addressed in relation to skills within the local workforce.

Councillor Davies continued by emphasising that County Durham had received a large sum of objective 2 funding however this did not change attitudes and culture there is a need to tackle this issue and provide training to increase individuals aspirations.

Stewart Watkins Managing Director, County Durham Development Company commented that in his opinion the emphasis needs to be on jobs, there is a need to get the jobs in place and continued by highlighting the importance of Netpark which will provide high level, high value jobs, with 'Virtual Netpark' connecting the University with various companies located on the site. He continued that there is a need to get education provision 'geared' towards providing people with the necessary skills in the next five years.

Elaine Richardson, Jobcentre Plus commented that many people do have low aspirations, however Jobcentre Plus and Partners are working on raising aspirations. In relation to graduates it was commented that there is a need to establish for planning purposes what areas/type of work will generate interest from Graduates.

Resolved

- (i) That the presentation be noted.
- (ii) That early discussions take place in relation to the strategy for the scrutiny of the RDA.
- (iii) That the Sub-Committee receive a future report in relation to the County Durham Economic Strategy.
- (iv) That invitations be extended to members to attend the conference looking at the issue of low aspirations in the North East of England.

A6 Medium Term Improvement Priorities, Focus on 'Building a Strong Economy'

The Head of Corporate Policy circulated a paper to members identifying the economic priorities which were set following the peer review which was conducted in December 2006 (for copy of paper see file of minutes).

It was suggested that if members had any issues relating to the priorities stated then they should contact the Head of Corporate Policy directly in the next few weeks.

Members raised the issue of whether there are figures available showing the number/level of increased entrepreneurial activity.

It was confirmed that Business Link are involved in the engagement process when individuals are wanting to 'start up' businesses, the County Council provides support but does not have a direct role.

It was suggested that Overview and Scrutiny may want to look at how the Authority engages with the private sector.

Resolved

- (i) That the priorities be noted.
- (ii) That members contact the Head of Corporate Policy directly should they have any issues relating to the priorities stated.