

# 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 **Friday 14 December 2007** at **9.30 a.m.**

**Present:**

**Councillor E Mason** in the Chair

**Members:**

Councillors Armstrong, C Carr, Cordon, Shuttleworth, Simmons, Southwell and Stradling.

**Co-opted Members:**

Mrs O Brown and Reverend A Letby

**Other Members:**

Councillors Bowman

Apologies for absence were received from Councillors R Carr, Pye, Williams and Young.

**A1 Minutes**

The Minutes of the meeting held on 10 September 2007 were confirmed as a correct record and signed by the Chairman.

**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 County Durham Economic Strategy**

The Sub-Committee considered an oral presentation by Linda Edworthy, Team Leader, Economic Development relating to the County Durham Economic Strategy (for copy of Strategy see file of Minutes).

Members were informed that the Audit Commission had recommended that the Authority undertake a public consultation exercise in relation to the Strategy therefore a consultation document had been produced 'Have your say - Building our Future'. It was highlighted that the document had been distributed to the Citizens Panel, District Councils, Town and Parish Councils with a four month consultation period.

It was highlighted that the Strategy had been prepared by the County Durham Economic Partnership (CDEP) - a group of more than 50 public, private and voluntary sector organisations working to promote economic development and regeneration across the County. The draft strategy discusses the economic future, it explains some of the economic challenges the Authority faces and what is needed to be done over the next five years to ensure that the objectives are achieved. It was confirmed that in addition to the consultation process a summit meeting is to be held as well as a further meeting with employers and training providers. There is also additional engagement taking place with young people and the voluntary and community sectors.

With reference to challenges to be faced by the County it was highlighted that the businesses and organisations that we have tend to be traditional, low growth industries, which don't generate as much wealth as businesses in other parts of the economy with County Durham generating less 'economic output' than the rest of the North East and England as a whole.

In the future, the majority of new jobs will be highly skilled, up to 40% may require a degree or higher level qualification by 2020.

Members were informed that although more people are leaving school with good GCSE results, many adults still lack the skills they will need to access employment in the future. It was confirmed that in addition, the County has too many people who aren't contributing to the economy because they're not working, in order to bring the County up to the national average, there is a need to get 17,000 more people into work.

The Consultation exercise is an attempt to seek real input into the document and it is hoped that the prize draw will generate input from local people.

The closing date for consultation is 7<sup>th</sup> March 2008 and it is intended that in April and May the partnership will consider the outcome of the consultation exercise.

Mrs Brown (Co-opted Member) commented that a recent local Newspaper article had stated that Crook would receive nothing in relation to funding from the County Durham Economic Strategy, although she was personally aware that this was not the case and that a project was planned by the District Council for Hope Street, Crook.

It was confirmed that all District Council areas are covered within the Strategy.

In relation to the funding of various schemes, it was highlighted that the focus is often on Regional Development funding which is between £10m to £15m however this compared to the funding available from District Council sources is very small.

Councillor Southwell requested as to whether a report could be produced detailing what economic activity is taking place within each District relating to planning applications for business development.

The Sub-Committee was informed that any information available internally will be provided and discussions with planning officers will be held as appropriate.

It was suggested by Councillor Mason that there is a need to link together skill shortages and education provision to ensure that any shortages are addressed via the Education and further Education systems. In addition it was highlighted that in relation to Colleges, there is a need for them to work together with the possibility of one further Education College with a number of satellite facilities.

Councillor Southwell commented that there is a need to plan ahead in relation to vocational skills, ensure that any training requirements are identified at an early stage, the authority needs to be involved after the planning approval stage in relation to training.

It was highlighted that the purpose of the strategy document is to agree a set of priorities for the County, with the document used to lobby Regional and Central Government. The members were informed that County Durham is the only sub-region which is not growing and that Government is currently looking to address the situation.

In relation to training requirements, Members were informed that the Authority works closely with One NorthEast and JobCentre Plus regarding training.

**Resolved:**

- (i) That the oral presentation be noted.

(ii) That any information available internally looking at planning applications which relate to business development would be provided and discussions with planning officers would be held as appropriate.

#### **A5 'In Work Better Off - Next Steps to Full Employment' (Green Paper)**

The Sub-Committee considered a joint report of the Corporate Director, Environment and Corporate Director, Adult and Community Services regarding the main proposals contained in the recently published Department for Work and Pensions Green Paper, In Work, better off: next steps to full employment. It sets the scene for agreeing an initial response to the consultation process on this topic (for copy of report see file of Minutes).

The Sub-Committee was informed that the paper sets out proposed changes to the services that the Government provide to the most disadvantaged people in society in order to improve their ability to participate in the labour market. The Green Paper had been released for consultation with a number of questions relating to both the principles behind the proposals and issues relating to their implementation with a consultation deadline of 31 October 2007.

Once the consultation is complete the Department for Work and Pension will produce a summary of responses received and give respondees the opportunity to comment on them, this will provide the opportunity to make a preliminary response, which can then be modified in the light of the Department for Work and Pensions summary of responses. The changes relate to the rules and parameters about Income Support, Work Focussed Interviews, Jobseeker's Allowance, Employment and Support Allowance, Carer's Allowance. It was emphasised that the aim of the proposed reforms is to achieve full employment (employment rate of 80%).

Members expressed concern about the social impact of the proposals in relation to lone parents and rural areas and the need for this to be reflected in the Strategy, targeting support to those individuals that are the most deprived.

In relation to long-term employment for disabled people, concern was raised that the measures proposed may place additional pressure on this vulnerable employment group.

#### **Resolved:**

That the update be noted.

#### **A6 Building a Strong Economy - Quarter 2 Performance 2007/2008**

The Sub-Committee considered a report of the Head of Economic Development and Regeneration concerning the performance update for

quarter 2 performance 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 currently no statutory performance measures for economic development, it is difficult to attribute quantitative measures in economic development at the local authority level due to the necessity for a multi-agency approach to delivery.

In relation to performance, Central Government had recently published a list of 198 performance management indicators for use by local authorities, with the Local Area Agreements (LAAs) choosing 35 against which they will have to report however it has not yet been determined which ones will be used to cover the 'Local Economy' block.

As the process is not yet complete, the report will focus on performance data from the Economy and Enterprise block of the Local Area Agreement.

In relation to the 18 indicators aligned to Building a Strong Economy which are included in the authority's priorities for improvement, 12 were updated during quarter 2.

With reference to those indicators which had improved performance from the year end and had achieved quarter 2 targets, they related to the % working age population claiming job seekers allowance and the employment rate. In relation to deteriorating performance since 06/07 year end, the indicators relate to the number of incapacity benefit claimants, NVQ level 4 or equivalent, % of 16-18 year olds classed as NEET and County GVA.

In relation as to incapacity benefit statistics, the members were informed that how these indicators are provided by the Department for Work and Pensions had substantially changed during the last quarter with the figures currently being used based on a 5% sample, the data is now available as a 100% figure, which will give a more accurate figure as it removes the risks of sampling error attached to the previous smaller sample. With reference to the Gross Value, Members highlighted that the latest figure quoted is from 2005, there is a need for more current information. It was confirmed that Government has recognised that this indicator is not giving the best information in relation to the 'health' of the County.

**Resolved:**

That the report be noted.

**A7 Electrolux Cookers**

The Sub-Committee was informed that it is anticipated that 500 jobs will be lost at Electrolux following the closure of the factory at Spennymoor.

It was commented that previously when the Philips factory closed under similar circumstances a task force was established by the Authority which produced recommendations on how to proceed and action to be undertaken.

With reference to Electrolux it is understood that One NorthEast had established a task group.

Members suggested that Overview and Scrutiny should write to the appropriate portfolio holder and the Corporate Director Environment asking clarification as to what action the County Council is proposing to undertake, to support the Employers and the Employees and whether a similar exercise is to be undertaken as in the case of the Philips closure.

The Sub-Committee further suggested that the Chairman of Overview and Scrutiny, the Chairman of the Building a Strong Economy Sub-Committee and local members be copied into any correspondence regarding the closure.

**Resolved:**

1. That the appropriate Cabinet portfolio holder and the Corporate Director Environment be contacted with a view to seeking clarification as to what action the County Council is proposing to undertake in order to support the Employers and Employees and establish whether a similar exercise is to be undertaken as in the case of the Philips closure.
2. That the Chairman of Overview and Scrutiny, the Chairman of the Building a Strong Economy Sub-Committee and local members be copied into any correspondence regarding the closure.