

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 March 2008** at **10.00 a.m.**

Present:

Councillor E Mason in the Chair

Members:

Councillors Chapman, Coates, Pye, Shuttleworth, Simmons, Southwell, Stradling, and Walker

Other Members:

Councillors Barker, Davies, and N Foster

Apologies for absence were received from Councillors Armstrong, Williams and Young, and Mrs E Richardson.

A1 Minutes

The Minutes of the meeting held on 14 December 2007 were confirmed as a correct record and signed by the Chairman.

In relation to Minute A7 concerning the closure of Electrolux, The Head of Overview and Scrutiny advised that following the meeting it was confirmed that CDDC was involved in the discussions/process regarding the closure and future action.

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 2008-2013

The Sub-Committee considered a presentation by Bob Ward, Head of Economic Development and Regeneration relating to the County Durham Economic Strategy (CDES) for 2008-2013 (for copy of slides of presentation see file of Minutes).

Members were informed that the consultation period for the Strategy was launched on 3 December 2007 for a four month period. From the consultation they hoped to raise awareness of the challenges and opportunities, feedback to inform the Strategy's development, and encourage more people to be actively involved in the development of the County's economy.

The Strategy needs updating as the economy looks very different from 2002, the economic development policy context is changing in terms of the city regions, a more strategic role for RDA, and Local Government Reorganisation.

The CDES will set out clear priorities for economy and narrowing the productivity gap between the County and the region/nation, County Durham's role and contribution to the city region, and priorities for investment by One NorthEast, local authorities, and other key partners.

Progress is being made and this can be seen with educational attainment, increasing the numbers of employees qualified to NVQ Level 2, high business survival rates, some manufacturers prospering, and there is increased investment in property in some places for both housing and workspace.

He pointed out that the County's GVA is improving but the gap with NE and England is widening, this was almost £2.1bn in 2004.

He advised of the economic challenges and opportunities facing the county. Manufacturing remains County Durham's most significant private sector, and is the key driver of productivity and GVA, require a significant shift of employment from low to high value added employment sectors, relatively low business start up rates, need an increase of 64,260 graduates to meet Leitch 2020 targets, and need 17,000 workless residents to take up employment.

The partnership is aiming that *'By 2023 we want County Durham to have a modern economy with more jobs, higher income levels, a more skilled workforce and more businesses able to compete in regional and global markets.....'*

They can achieve this by having a Competitive Business – a can do culture that will focus on sectors with growth potential, develop more science and technology-based businesses, improve business productivity and workforce skills so they invest in the long-term, increase start-ups and self employment, and improve access and take up of broadband.

He advised of the targets for 2013 being to focus on narrowing the gap in economic performance. To achieve growth in GVA in excess of 4% per annum – almost double current regional growth rates – to £8 billion by 2012/13. To double the current start up rates to increase the number of net additional VAT registered businesses from 200 to 400 p.a.. Massive increases in the proportion of our adult workforce educated to NVQ Level 3 (55%) and NVQ Level 4 (35%) , and to increase *average gross weekly earnings* for County Durham residents to 90% of the GB average from 85% in 2006.

He advised that there had been 1500 responses to the consultation document, and these would go back to the Partnership for consideration. The Strategy will be given to the senior management teams within the County Council and they will be asked how they can contribute to the economic agenda. Local Government re-organisation will bring a new major employer to the county, and therefore the authority will be a major player into this. It was pointed out that the demographics are changing in the county, it is growing and there is also a growing older population. An action plan was being developed to go with the Strategy.

It was pointed out that the image of the County is growing through exposure from the County Durham Cricket Club, and the 'passionate people passionate places' advert.

Councillor Davies advised that organisations do not seem to be joined up to tackle the issues of Neet's and training. They are in competition to get the best people for jobs, and to retain graduates, and that sometimes competition between organisations can be unhealthy.

It was pointed out that Ken Jarrold, the Chairman of the County Durham Economic Partnership had made the skills agenda his priority and is holding a series of events to engage the key components in skills. The first one is to be held on 7 May where they will find out from employers the difficulties in recruiting locally, what the barriers are and how to make it easier for them, what the authority can do to ensure there is a joined up approach with colleges , jobcentre plus etc. The following event will be for providers such as colleges, and universities and they will be asked how they can address this. The third event will be talk to those who are in training, those that would like to be and those that are not bothered. In the autumn there will be a skills event which will take place over several days where they will get the joined up approach.

Councillor Barker pointed out that there are issues such as procurement hindering the local labour market getting jobs in the county, at a time when there is massive investment.

Bob Ward explained that the public sector had enormous purchasing power in the county however they are bound by strict rules within the European community.

In response to a question from Councillor Coates, Bob Ward pointed out that the economic change issue goes back a long way. There had been massive industries which had closed and the priority at that time was to tackle major unemployment, it was an enormous task to find replacement jobs and to get families out of unemployment. New industries have been built, money has been put into the infrastructure and into training and communications. The county is in better shape now, there is better economic intelligence, better communications, more employed, and a shift in culture.

Bob Ward advised that the BSF programme is heavily prescribed by government. The bids would be for a massive amount that they would need a large consortium to take risks.

Councillor Davies advised that DurhamNet is to provide the ICT services for schools in the county, and that the authority has been pro-active in getting the best from this arrangement.

Councillor N Foster advised that he was concerned at the city region approach. He pointed out that the expectations for young people are higher and they are making a better qualified county. It cannot compete however on the level of wages and therefore they must emphasise the take up of jobs on the quality of life they would have in the county.

Bob Ward advised that they need to make young people think they can start their own company and not just be an employee, it's about ambition and not just being second best. It's good that there are choices now.

Councillor Stradling suggested that they need to find something in County Durham that is done better than in other areas, and if it was unique that would be even better.

Bob Ward advised that it is difficult to come across unique ideas, the challenges are so great, and there are two sets of targets one to be achieved and the others they would like to achieve. They will have to think carefully about the role of County Durham in the region, as it looks like there will be growth in the cities rather than in the county.

Resolved:

1. That the presentation be noted.
2. That delegated authority be given to the Head of Overview and Scrutiny in consultation with the Chairman and Vice-Chairman of the Overview and Scrutiny Committee to respond to the Strategy document in line with the comments made.

A5 Skills Development Light Touch Review)

The Chairman gave a presentation to the Sub-Committee to provide feedback from the Skills Development 'Light' Touch Review (for copy of slides of presentation see file of minutes).

He advised that Economic Development is a major priority as stated in the Comprehensive Performance Assessment (CPA), the County Durham Economic Strategy is a useful strategy, and the Overview and Scrutiny will look forward to the production of the Action Plan to deliver the Strategy and will provide challenge to the partnership in support of that delivery.

He emphasised the importance of workforce skills. The county economy has the potential to be £7.5bn, which is currently only £5.4bn. If the workforce skills (and capital investment) are boosted to the national average, the output gap for the county could be reduced by 70%.

The Strategy and Action Plan must clearly define the role of the FE Colleges in relation to joint working and collaboration. Models of 'good practice', 'The Esh Partnership', should be replicated throughout the County.

The Overview and Scrutiny will have a major role in monitoring the impact of the realistic targets for 2013. The County Durham Economic Partnership will receive the Overview and Scrutiny Working Group report on Worklessness which identifies solutions to some of the employability issues.

Resolved:

That the presentation be noted.

A6 Building a Strong Economy - Quarter 3 Performance 2007/2008

The Sub-Committee considered a report of the Head of Economic Development and Regeneration concerning the performance update for quarter 3 performance for the authority's priorities relevant to the Corporate aim, Building a Strong Economy (for copy of report see file of Minutes).

It was pointed out that following the loss of benefit claimant data from HMRC (the two CDs missing in the post), DWP is withholding all updates to benefit claimant data until they have completed a review of data security. There has therefore not been an update for this since last quarter. A number of other indicators have also not been updated during Quarter 3.

It had been a positive quarter, improvements from the year end had been made in the percentage of working age population claiming Job Seekers allowance, employment rate, percentage of 16-18 yr olds classed as 'NEET', New VAT Registrations, percentage of VAT De-registrations, and the Number of Businesses.

The total business stock had risen from 9600 to 10355 so positive progress was being made. Self Employment had deteriorated however it was still above the LAA target.

It was pointed out that there may be change in future indicators and members were asked what they would like to be monitored. Members advised that they would like information on what was behind the figures. An example was provided in that the target for those in self-employment had risen and then fallen, and members would like the reasons for this set out in the report.

Councillor Walker advised that prior to the local LSC being taken into the regional LSC they were to look at the Neet's Group, and he asked if the regional LSC could be contacted to ascertain if the Neet's group was part of their strategy, and what their target was. It was felt that there were more people Neet than it was known about. They need to identify the barriers to education and training, but it was accepted there were difficulties as each organisation had its own target on this.

In response to a question about whether the statistics for those that drop out of courses are available, it was pointed out that the colleges send this information to the LSC on a quarterly basis.

Resolved:

That the report be noted.