

## **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 **Tuesday 6 November 2018** at **9.30 am**

#### **Present:**

**Councillor A Batey (Chairman)**

#### **Members of the Committee:**

Councillors E Adam, J Atkinson, M Clarke, R Crute, S Dunn, T Henderson, P Howell, S Iveson, I Jewell (substitute for A Patterson), P Jopling, L Maddison, J Maitland, R Manchester, R Ormerod, A Reed, E Scott and P Sexton

#### **Co-opted Members:**

Mrs R Morris

#### **Also Present:**

Councillor J Clare

#### **1 Apologies for Absence**

Apologies for absence were received from Councillors D Hall, A Patterson, L Taylor and M Wilson and Mr G Binney.

#### **2 Substitute Members**

Councillor I Jewell substituted for Councillor A Patterson.

#### **3 Minutes**

The minutes of the meeting held 25 September 2018 were agreed as a correct record and signed by the Chairman.

Councillor P Howell noted that he had met with Officers in relation to issues in terms of the quarterly budget report. He explained that Officers had agreed to look at the style of the presentation of quarterly budget reports.

#### **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 Media Relations**

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The articles included: a major step in the development of the site at Forrest Park, Newton Aycliffe, with the installation of a new junction to better access the A1(M) and A167, as well as a new electricity sub-station; Ronco Engineering in Stanley winning orders with help from a £100,000 loan from the UK Steel Enterprise, helping to create an additional 6 jobs; delegates from across the country attending a “Revive and Thrive” Conference supported by Durham County Council (DCC); tourists were urged to “go wild” in County Durham, a campaign by Visit County Durham (VCD) aimed at showcasing rural attractions and activities to try to drive overnight stays.

Members noted that there were links to items on the Committee Work Programme, with a Special Meeting to be held on 7 December 2018 in relation to transport and VCD would be in attendance at the February 2019 meeting of the Committee.

### **Resolved:**

That the presentation be noted.

## **7 EU Funding Update**

The Chairman introduced the Funding and Programmes Manager, Claire Williams who was in attendance to provide the Committee with an update report in relation to European Union (EU) Funding (for copy see file of minutes).

The Funding and Programmes Manager reminded Members she had attended Committee last year and that the update was in terms of the position one year on. Councillors were reminded that County Durham was a “Transition Region” and therefore had a ring-fenced allocation of EU funding of £154 million over the period 2014-2020. It was added that this was split between just over £86 million European Regional Development Fund (ERDF) and approximately £54 million European Social Fund (ESF) and the allocation had recently been increased to this amount, following an uprating of the sterling value in August 2018.

Committee were reminded following the result of the referendum on membership of the EU, Government had stated it would guarantee funding up to the point of “Brexit”. The Funding and Programmes Manager added this position had been strengthened recently, with funding guaranteed up to the end of 2020, even in the event of a “no deal” Brexit.

Members noted the Open Calls, with up to five new applications from the County Council in the areas of: promoting research and innovation; enhancing the competitiveness of small and medium sized enterprises (SMEs) and supporting the shift to a low carbon economy.

It was added that further Open Calls may be launched in March 2019 if there was still ERDF resources available. The Funding and Programmes Manager referred to DCC projects as set out within the report, with those approved and full applications currently being appraised. She added a list of all ERDF and ESF projects that had been approved and were being delivered in the County was appended to the report. Members were reminded of the LEADER Programme and European Agricultural Fund for Rural Development (EAFRD) and associated projects in the County.

The Funding and Programmes Manager reminded the Committee that the Conservative Party's manifesto in 2017 set out a replacement for the money that local areas in the UK currently received through European Structural Funds. It was noted that the UK Shared Prosperity Fund (UKSPF) would be to "tackle inequalities between communities by raising productivity". Members noted that it was intended that the fund would be simpler to access than current EU funds, and Local Industrial Strategies (LIS) would be the mechanism in terms of identifying and prioritising funding needs. It was noted that the LIS would be developed by Local Enterprise Partnerships (LEPs), with a review of LEPs to be part of the process of strengthening their role in delivering economic growth.

The Committee noted the work undertaken by the Council in terms of preparing for the UKSPF, with a draft position having been drafted by the County Durham Economic Partnership's (CDEP) working group looking at the issue, setting out a number of "wants" for County Durham, including that County Durham does not receive less funding than it does currently, retaining a similar status to being a "transition region". Members noted a NELEP working group looking at future funding, identifying the level and types of funding that has come into the North East over the last 20 years, detail of the activities that have been supported and the benefits realised from it, with a view to this informing the expectations for future funding. The Funding and Programmes Manager noted an All Party Parliamentary Group (APPG) had been established to look at post-Brexit funding and information relating to this was also appended to the report.

The Chairman thanked Funding and Programmes Manager and asked Members for their comments and questions.

Mrs R Morris noted the work that had been undertaken in terms of EU funding and the work to ensure that resources stayed within County Durham. She asked if we understood the new context post-Brexit, examples given being direct flights to India being available from Manchester or what new horizons and industries would we want to attract to the County and what skills would be required for these and how would strategies be put in place to deliver them. The Funding and Programmes Manager noted that the Strategy Economic Plan would be refreshed and there would be the LIS, in the context of the NELEP and other partners.

Councillor R Crute noted it was almost impossible to predict where we could be, though he added that if the UKSPF was needs based rather than opportunity based this would be very good. He added that the LIS would be the template going forward, and it would be important for Overview and Scrutiny to know where this would fall in terms of Combined Authorities. He also asked as regards the table at section five of the report in terms of ERDF totals.

The Funding and Programmes Manager noted that there were issues in terms of exchange rate changes and would check figures and circulate further information to the Committee. The Chairman noted the Industrial Strategy would be an item tabled for the March meeting of the Committee.

Councillor J Atkinson noted no low carbon projects in the pipeline. The Funding and Programmes Manager noted that low carbon projects proved difficult in terms of demonstrating outputs that would allow for funding to be allocated and also in terms of obtaining match funding from partners. . Councillor J Atkinson asked as regards timescales. The Funding and Programmes Manager noted that funds had to be committed by 2020 and reiterated the many groups and forums by which the Council and partners were working to feed into the shaping of the UKSPF.

Councillor S Dunn noted his concern in terms of any LIS reflecting the needs of County Durham, as the County was very different in comparison with Tyneside and Teesside, and agreed with the point made by Councillor R Crute in terms of the UKSPF being needs based rather than opportunity based. He added that he had additional concerns in terms of a national agenda that appears to be more subjective than based on need, resulting in Durham missing out on funding.

Councillor E Scott noted that the fractured regional political position did not help and that perhaps there was a lack of ambition in only saying “to maintain levels as per current EU funding” rather than pitching ourselves as national players. Councillor R Crute agreed with the point adding that “fair funding formula” was a misnomer and that the Government should be pushed for more funding for County Durham, though the strong work of the Industrial Alliance and the APPG, will look to rebalance our regional economy, cross-referencing to the LIS in March 2019.

Councillor E Adam noted in reference to the point made by Councillor J Atkinson that the Environment and Sustainable Communities Overview and Committee (ESC OSC) had looked at low carbon projects, with the Council’s Sustainability and Climate Change Team Leader, Maggie Bosanquet to attend the ESC OSC on 5 April 2019 to provide a progress update, and with a special meeting of that Committee to be held on 30 April 2019 looking at the Carbon Management Plan.

**Resolved:**

- (i) That the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receives further progress reports as the programme continues.

## **8 Regional Funding - Local Growth Fund and Investment Pipeline**

The Chairman introduced the Project Development Team Leader, Heather Orton who was in attendance to provide the Committee with an update report in relation to regional funding, the Local Growth Fund (LGF) and the investment pipeline (for copy see file of minutes).

The Project Development Team Leader reminded Members she had last spoken to the Committee back in February and reiterated the position in terms of LEPs and growth deals for projects that supported economic growth. She explained that the deals represented a single investment pot approach, being opportunity and competition based. Members noted that while around £13 billion had been promised nationally, it had been confirmed that there would be no further LGF rounds and that future resources would be via the UKSPF.

The Committee noted the NELEP and partners had worked to develop a project pipeline and submitted projects to Government and Members were referred to the 2015-2021 programme as set out at paragraphs 6-10 of the report. It was noted for County Durham this included: infrastructure for Forrest Park; NETPark Infrastructure Phase 3; Horden Rail Station; NETPark Explorer; Auckland Castle welcome building and infrastructure works; Durham City Incubator; Jade Business Park; and Integra 61. Members were given a brief update on each of the projects.

The Project Development Team Leader explained that in terms of a County Durham Investment Pipeline the approach taken was to enable the County to be responsive to opportunities. She added that this could be in terms of: making sure any project proposals were “investment ready”; stimulating market investment; tackling barriers to growth; ensuring strong promotion of the County through and with bodies such as the Department of International Trade, the Northern Powerhouse; NELEP; Transport for the North and other direct Governmental Departments.

Councillors noted priorities identified going forward included: Durham City Park; Integra 61; Newton Aycliffe Business Park and Forrest Park; Horden Rail Station; Jade Business Park Enterprise Zone; Durham City Relief Road; NETPark; Auckland Project; and large housing sites.

The Chairman thanked the Project Development Team Leader asked the Committee for their comments and questions.

Councillor P Sexton asked as regards Table 1 within the report, with underspends set out. The Project Development Team Leader noted there was a further year to go in this respect and further information would be reported back to Committee in due course.

Mrs R Morris noted “investment ready” and added she fully supported this. She noted that issues related to this included superfast broadband provision across the county and also the need to ensure the skills required in order for businesses to take up new opportunities. She highlighted the new International Advanced Manufacturing Park for Sunderland and South Tyneside and added that at many meetings with businesses, the first questions would be what broadband speed was available and whether the skilled workers they needed were available. The Project Development Team Leader noted she was not familiar with the work of Digital Durham, however she would take this point back to colleagues. She added in terms of investment ready regular meetings with organisations such as Northern Powergrid helped to ensure sites were ready for businesses to move in, for example the infrastructure works carried out at Forrest Park. Mrs R Morris noted she felt there was a need for a revised Skills Strategy. It was noted that the current strategy was for 2014-18 and the Officer would find out more in terms of 2019 and beyond.

Mrs R Morris added that there was a large number of SMEs and smaller microbusinesses within County Durham and noted that superfast broadband was critical in allowing those businesses to be able to deal nationally and internationally. The Principal Overview and Scrutiny Officer, Stephen Gwilym noted that during the work of the Retail Support Working Group the issue of broadband had been brought up on several occasions and had been noted.

Councillor J Clare noted that Digital Durham ended with Phase Three having been completed. He noted that while there was no further funding in terms of this scheme, work would be undertaken to explore with Government what successor schemes would look like.

Councillor E Adam noted the “more and better jobs” vision of the NELEP, with 100,000 jobs by 2024 and asked how this would be achieved, given County Durham was not successful in terms of LGF Round Three. The Project Development Team Leader noted the delivery plan for this was the Strategic Economic Plan and that she would share the relevant links to this with Members. In reference to LGF Round Three she noted that it was effectively one award, being £47 million to the new International Advanced Manufacturing Park, with some smaller allocations alongside linked to skills. Councillors were reminded of the pipeline as set out at paragraph 13 of the report and priorities were to seek funding and investment.

Councillor S Dunn noted that “Durham City Park” sounded like a recreational park similar to Wharton Park in Durham City, not a business centre, and that the International Advanced Manufacturing Park at Sunderland had a more ambitious title. He added that the proposals to add 6,000 jobs to Durham should be shouted about and given a more inspiring name than “Durham City Park”. Councillor S Dunn noted an improvement in broadband speeds at some local schools and thanked Digital Durham in helping to enable “those little optional extras”.

Councillor R Crute noted the issue in terms of the name of “Durham City Park” and of any skills gap and commented that the committee could receive further detail via the CDEP. He added that physical connectivity should not be forgotten, and that transport links were also vital in terms of being able to get skills into the right areas, East to West connectivity, not just North/South. Councillor R Crute noted that a new Skills Strategy needed to be informed by business in terms of what skills they need, the level of skills and transport links. He added a performance indicator in the past that had been reported to Members had been in relation to public transport into Durham City by 8.30am. Councillor R Crute noted this may be an area to revisit, looking at buses, viability and that the CDEP could be asked for an update relating to skills development.

Councillor T Henderson wished to expand on Councillor R Crute’s point in relation to transport. He noted that in his area, Barnard Castle, there was not a direct bus to Durham City, with residents’ travelling by public transport having to travel to Bishop Auckland then on to Durham. He added that this was a barrier especially to young people, our workforce of tomorrow. He added that issues in terms of broadband in the Teesdale and Weardale areas meant that working from home in order to mitigate transport issues was not always possible.

Councillor S Dunn added that affordability was also an issue for young people in terms of transport, noting that within Tyne and Wear, young people could travel for £1 a day, whereas the cost of a bus ticket from Coxhoe to Framwellgate Moor was over £5. He added that such costs were forcing young people to look to travel by car and he added that young people under the age of 25 needed an affordable bus service, operating at the right times to enable them to get to work.

Councillor S Iveson asked how it had been allowed for issues such as transport, broadband provision and skills to appear to be lagging behind what we needed. Mrs R Morris noted that digital was the way retail and manufacturing was going and added that New College Durham were looking at virtual reality courses. She added that there was a need over the next 10-20 years to look to create centres within our rural communities, for example in terms of “agritech” looking to digitise farms to boost productivity. She gave the example of coding clubs in terms of being a way to help young people that would be demanding a digital culture in their future.

**Resolved:**

- (i) That the report be noted.
- (ii) That a progress report in relation to the development of the Local Industrial Strategy be presented to the Economy and Enterprise Overview and Scrutiny Committee later in the 2018/19 work programme.