

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Council Chamber, County Hall, Durham** on **Monday 19 December 2022** at **9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors A Batey, G Binney, G Hutchinson, C Lines, R Manchester, C Martin, R Ormerod, I Roberts, A Sterling and A Surtees

Co-opted Members:

Mrs R Morris and Mr E Simons

In Attendance:

Councillor K Shaw

1 Apologies for Absence

Apologies for absence were received from Councillors M Abley, A Jackson, C Marshall, J Miller and A Reed.

2 Substitute Members

There were no substitutes.

3 Minutes of the meeting held 7 November 2022

The minutes of the meeting held on 7 November 2022 were confirmed as a correct record and signed by the Chair.

4 Declarations of Interest, if any

There were no declarations of interest.

5 Items from Co-opted Members or Interested Parties, if any

There were no items from Co-opted Members of Interested Parties.

6 Skills delivery and supporting the Inclusive Economic Strategy

The Committee considered a report of the Corporate Director of Regeneration and Growth which set out the current skills performance and supporting infrastructure operating across County Durham and examined the opportunities to deliver the people and skills aspirations and requirements set out in the Inclusive Economic Strategy (IES) (for copy see file of Minutes).

The Chair welcomed A Kerr, Head of Economic Development who provided an introduction to the report noting the current performance and infrastructure to support development and delivery of skills in County Durham. He explained that the report examined those opportunities to deliver skills and meet aspirations, alongside detailing some of the recent policy changes which may help to provide further alignment in the development and delivery of skills in the future. He noted that the Inclusive Economic Strategy (IES) had been agreed by Cabinet at its meeting held the previous week, which now provided a clear strategic direction under the people element of the IES, identifying local skills needs and work with partners to align skill priorities to that need with clear actions to be embedded in the resulting action plan.

G Wood, Economic Development Manager then provided Members with some context to the skills infrastructure, noting the focus on policy changes and the ability to support increasing productivity and growth. As a result, this had increased the employer's priority to articulate their current and future needs.

He went on to provide details surrounding the current skills infrastructure and at a local level noting that this reflected the broad national mix of learning establishments. He also explained that the council as an Education Authority also held a contract with Department for Education to deliver Adult Education and the budget to support it was outlined in appendix 2 of the report.

Moving on the report provided detail surrounding skills performance, highlighting that the qualifications profile for County Durham had started to change since the last Skills Strategy was produced with some improvements in relation to qualifications obtained at Level 4 and above.

He further explained how these qualifications linked to sustained employment in higher skilled roles, however he highlighted that the UK Employer Skills Survey, last undertaken in 2019 and due for publication next year would provide a comprehensive resource on employer skill needs for the future, which would help assess harder to fill vacancies and skill shortages.

The Economic Development Manager went on to provide more detail relating to the recent skills policy changes with the Skills and Post 16 Education Act 2022 further enhancing the role of Local Skills Improvement Plans (LSIPs) placing them on a statutory footing and enables the Secretary of State to designate Employer Related Bodies (ERBs) to lead the development and review of LSIPs for a specified local area, places duties on training authorities to co-operate with ERBs in the development and review of LSIPs and once developed to have regard to LSIPs in shaping their provision. He highlighted the importance of ensuring that there was alignment between local skills and educational offer in County Durham and confirmed that across the NE Combined Authority area, the NE

Automotive Alliance (NEAA) had been designated as the ERB with responsibility for developing the LSIP.

He continued by informing the committee that a lengthy consultation was undertaken on Skills Funding and Accountability reforms which ended in October 2022, this consultation focussed on the support and incentives to deliver change in the skills system and included making further changes to accountability and funding including the introduction of accountability agreements, with LSIPs forming the basis of local priorities to which providers are accountable and changes to Ofsted inspection regime to include how well providers are contributing to meeting skills needs.

The Economic Development Manager then explained that in developing the LSIP, the NEAA have identified key sectors linked to growth of the regional economy and these closely reflect the key sectors identified in the IES such as construction and advanced engineering and are currently undertaking a three-stage process which seeks to understand the current workforce skills requirements, translate into provision, and address learner demand and employer engagement.

He further explained that the NE LEP have undertaken significant efforts to align school based education with pupils potential careers and progression pathways using a series of benchmarks with a pilot running across two academic years. The implementation of the Gatsby benchmarks by providers was intended to focus on the immediate career and progression opportunities available to learners after leaving school. He confirmed that Government has now adopted the Gatsby benchmarks into their 2017 Careers Strategy for all schools and colleges in England. The Gatsby benchmark programme was embedded in the North East Ambition Programme with the NELEP's strategic economic plan in 2018 including developing a primary school benchmark pilot, adopt the Gatsby Good Career Guidance benchmarks by all secondary schools and colleges and secure and deliver a £3.4m North East Ambition programme which ensures that our education system provides young people with the skills to meet the long-term needs of the NE economy.

He further explained that funding had also recently been sourced from the Poverty Action Group to deliver a new Work Places Project, with students in Year 10 and Year 12 being able to learn about specific employment sectors, different job roles within those sectors, as well as recruitment processes. They would also be afforded time with employees to find out about their pathways into work, to show them the opportunities that are available within County Durham.

He then explained the key skill issues highlighted by the Economic Review in the county, to be addressed, this data has been used to develop the people strand of the IES with a specific focus on supporting people into education, training jobs and to excel in business and their careers. It was highlighted that delivery of the Economic strategy is a partnership activity with the Business, Enterprise and skills thematic group taking the lead on skill issues and ensuring that skills are aligned to business need. The timing of the IES delivery plan for people will link with and support the LSIP process ensuring that strategic alignment of regional and local skills delivery with established and evidenced employer needs.

Mrs R Morris, Co-optee thanked officers for the depth of information provided in the report noting the challenges ahead. She went on to ask a number of questions including how the council intended to bring all the organisations and partners together to achieve the desired outcomes. In reference to the last bullet point of paragraph 13, page 15 of the report relating to matching demand and supply of skills she commented that she was quite disappointed in the statement that better matching between demand and supply of skills will make only a modest contribution to levelling up in areas where the demand is relatively low – level skills, these areas should be a priority and brought up to the same level as elsewhere in the county. . In addition, she asked about the make-up of the Economic Partnership and ensuring there was adequate coverage of key industries not just those in digital and energy sectors. A further question was raised regarding careers advice, Gatsby benchmarks and who was responsible for checking that the Gatsby benchmarks is being delivered in schools as she was aware that in some school's teachers were doing this in addition to already heavy workloads.

In response the Head of Economic Development advised that it was important to create the right skills for the population and confirmed that a priority in the IES is to increase the number of higher skilled jobs within the county and particularly in relation to those areas of the county with low skill levels. He continued that to attract investment into these areas we need the required skill base for employers. With regard to the Economic Partnership, he advised that the membership was being reviewed, with larger employees from alternative sectors being encouraged to join the board.

The Economic Development Manager further explained in relation to levelling up, that it was about bringing together supply and demand and working with employers who were operating with lower skill sets, to assist them in being more productive through research and development to help increase their skills profile.

With regard to the Economic Partnership, he noted the range of SME's represented and further wider representation from the North East Chamber of Commerce and Federation of Small Businesses.

In relation to the use of the Gatsby benchmarking this is driven by the NE LEP with evaluations being undertaken of the use of Gatsby, these evaluations have been positive. Concerning the Gatsby model and careers advice J Murray, Head of Education and Skills advised that a log was maintained of where DCC schools are providing benchmarking data and he confirmed that there is an established network within County Durham that meet and discuss the application of the benchmarking. He also referenced the drive around pastoral care with a careers' focus and drive to improve school attendance.

Mrs R Morris, asked what could be done to bring all these groups together and asked whether a cross group facility could be established to better inform trainers of what the industry needed in terms of skills for the future.

Councillor Martin commented that it was important to maintain the dialogue between business and trainers to ensure the ongoing provision of high-quality apprenticeships to add to the skills population.

He further noted that he welcomed the measures through Ofsted, to enable links to be formed with training providers, however suggested that their principle concern may be to get numbers in seats, rather than ensuring the courses provided were relevant and where there were genuine skills shortages.

The Head of Economic Development acknowledged the comments made, noting that work was being done to reach all training providers, encouraging collaborative work, and assessing what jobs were out there and not only the skills required to do those jobs, but also the quality of the jobs available.

Councillor Sterling commented that speaking from experience she felt that teachers in schools were time poor and did not have the in-depth knowledge to be able to talk to young people about career opportunities in the various sectors. She felt that careers fayres were an excellent way to raise the aspirations of young people. She highlighted that there is a need to engage with children at a younger age at primary school.

In response the Head of Education and Skills noted that during Year 8, careers development formed part of pastoral tuition, however noted that DurhamWorks, also provides further career support such as career fayres in targeted schools in areas of deprivation and this could be looked at collectively as part of the DASH programme.

The Chair at this point thanked the officers for the report and commented upon current skills performance, noting that it was important to also look to save at risk jobs, from those where the advancement of technology may replace their manual jobs. He further referenced paragraph 29 of the report, referring to the careers agenda, and asked who would be responsible for pulling this piece of work together. He continued that in order to achieve the objectives of the strategy, working together with relevant partners and providers was imperative.

Cllr Surtees commented that in relation to the UK SPF, it is a further 18 months before the funding can be drawn down for the people and skills element and asked what funding we have available currently.

The Chair suggested that this could be responded to when considering the next agenda item.

Councillor Lines asked that in relation to the performance information presented in the report regarding the level of skills performance in County Durham compared to other Local Authorities in the region, did we have any data for Tees Valley.

The Economic Development Manager advised that there was a nationally published table, so it would be possible to get information on jobs in the Tees Valley area, he did however note that there were some local authority boundary constraints and the authority would need to be cognisant of existing local skills improvement plans.

Councillor Batey suggested that it would be beneficial to target primary children as well as those in secondary school with early careers development. In addition, she commented that connectivity was crucial, as many locations within the county still do not have good access to internet and this limited their opportunities for hybrid or home working jobs.

The Head of Economic Development reassured members that this issue was picked up in the IES under the 'Places' theme but also in the connectivity strategy.

Resolved:

- i) That the committee note the countywide arrangement for the identification and delivery of skills to meet current economic priorities.
- ii) That the committee receive a further update on the development of the North East Local Skills Improvement Plan.

7 UK Shared Prosperity Fund - Update

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an update on the UK Shared Prosperity Fund (UKSPF), setting out details of the UKSPF Investment Plan for County Durham. The report further included an update on the Multiply, and adult numeracy programme funded through the UKSPF, and the new Rural England Prosperity Fund (REPF) (for copy see file of Minutes).

The Head of Economic Development explained that County Durham had a UKSPF allocation of £30,830,613 and a Multiply allocation of £2,803,077, over the next three financial years (2022/23 to 2024/25), Durham County Council had been identified as the lead authority to deliver the funds. He went on to explain that in order to unlock those funds, the council was required to produce and submit a high-level UKSPF Investment plan to government by 1 August 2022. For the Multiply allocation a separate Investment plan was submitted by 30 June 2022.

The Funding and Programmes Manager then went on to provide further detail of how the funding was allocated. She explained that the overarching aim of UKSPF was to build 'pride in place and increase life chances' through three core investment priorities: Local Communities and Place, Supporting Local Business and People and Skills (including Multiply, a new programme aimed at addressing low level adult numeracy).

To inform the development of the Investment Plan several guiding principles were agreed including a focus on a limited number of high-level interventions and outcomes that enable County Durham to maximise flexibility, as well as adopting a more holistic approach to delivery over the funding period. It was also recognised that the challenges and opportunities faced by Durham's residents, businesses and communities could not be addressed by a single intervention in isolation, and an integrated response was required. In addition, the specific UKSPF Interventions chosen to address the challenges and opportunities under the Fund's three Investment Priorities, Communities and Place, Supporting Local Business and People and Skills were set out within Appendix 3 of the report.

She went on to advise that government approved the UKSPF 2 weeks prior and a pipeline of activity including producing an implementation plan was being undertaken. Further information was also provided regarding Multiply and its rationale, to improve numeracy skills with a longer-term goal of individuals having higher levels of income and wellbeing and producing a positive impact on economic productivity.

Moving on the Funding and Programmes Manager provided some detail surrounding the Rural England Prosperity Fund. This fund is aligned to the UK SPF and is seen as a rural top up fund and will provide capital grants to support activities that address challenges that rural businesses and communities face. County Durham has been allocated £3,500,000.

The committee was informed that the County Council as lead authority will be the accountable body for these funds and will be responsible for the ongoing management of the allocation, including assessing and approving applications, processing payments and day to day monitoring. The Funding and Programmes Manager continued that as the guidance required the establishment of a partnership to guide and advise on the delivery of the UKSPF funds, the existing County Durham Economic Partnership (CDEP) was broadened to incorporate wider representation, reflecting the nature of the Fund. The partnership has helped to develop the investment Plans and will have an ongoing role in the fund's governance arrangements.

Mrs R Morris, Co-optee asked whether a copy of the Investment Plan was available to be shared with the members of the committee. She added that she was slightly disappointed that she didn't see anything new in this report and thought that the funding would be linked with the IES in relation to priorities however she could not see a link and felt that science and technology should be recognised. In addition, she felt that this was a huge amount of work and responsibility for the CDEP to take on and asked what, if any, additional support would be available to them.

The Chair commented that in relation to the Delivery Plan there will need to be a performance element in relation to those receiving funding.

The Funding and Programmes Manager advised that ultimately Durham County Council were the accountable body for administering funding. A reporting framework would be in place for quarterly feedback to be provided to government on progress.

She further commented in relation to points made about innovation, that there was to be an accelerated programme supporting innovating technologies and the delivery of this aspect of work would come forward as a result of the UKSPF. The Head of Economic Development commented that this was a tool; to help the county deliver and develop a framework as to where to invest in priority sectors for growth.

The Head of Economic Development commented that SPF is a funding source and that the IES includes the sectors mentioned above and that it would be ensured that the link is there between the priorities in the IES and funding.

Cllr Moist commented that open calls often lack direction and asked whether DCC would be able to give direction.

Councillor Surtees added that she felt that the level of funding to be received in County Durham was insulting. The plan for delivery was confusing and that the social fabric of our neighbourhoods was key. She asked whether a breakdown could be provided regarding the UK investment plan noting that figures contained in Communities and Place were very different, with data provided from the Econ-versation in her opinion extremely poor. She added that the community spirit was dying and that she found it difficult to find any

positives, there is nothing in the report to suggest this will change, people are disillusioned and Durham County Council does not have the money that it needs to make a difference across the county.

The Head of Economic Development confirmed that the bid had just been agreed and that DCC needs to ensure that bid allocations achieve the priorities identified in the IES. DCC will also be supporting people to develop bids. He continued that the rural allocation is a relatively small amount for the rural nature of the county and highlighted that we will need to use all tools available to deliver the IES.

Resolved:

- i) That the content of the report be noted.
- ii) That the EE OSC receive further reports as the programme continues to be implemented over the life of the programme (currently 2022/23- 2024/25).

8 Quarter Two 2022/23 Revenue and Capital Outturn

The Committee considered a joint report of the Corporate Director of Resources and Corporate Director of Regeneration, Economy and Growth which provided details of the forecast outturn position for quarter 2 revenue and capital for Regeneration, Economy and Growth (REG) as at 30 September 2022 (for copy see file of Minutes).

The Finance Manager Resources & Regeneration explained that the service were forecasting an overspend of £0.621 million, against a revised budget of £57.802 million, which was a reported improvement on Quarter 1. He further provided details of the level of additional funding from central contingencies which would be required to be drawn upon to support budget shortfalls as a result of post covid pressures and lost income.

The report further detailed budget adjustments required to original service budgets, noting some of the more significant adjustments such as that made in respect of the Pay Award for 21/22, which had been higher than forecast. In addition, he referenced the overspend in Planning and Housing of £0.557 million, mainly relating to Housing Solutions and the additional expenditure incurred as a result of temporary accommodation charges following the government initiative to protect and vaccinate all rough sleepers during the pandemic. He confirmed that the service is continuing to look at the ongoing impact of this budget pressure.

He then went on to advise that despite the service not being able to maintain spending within its cash limit, the overall Regeneration Cash Limit Reserve remained in a healthy position.

Resolved:

That the content of the report be noted.

9 Quarter Two 2022/23 Performance Management Report

The Committee considered a report of the Corporate Director Resources which presented an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlighted key messages to inform strategic priorities and work programmes. The report further provided performance in and to the end of quarter two 2022/23. July to September 2022 (for copy see file of Minutes).

The Corporate Policy and Performance Manager provided an overview of performance noting key performance highlights and areas which required attention as the council continued its transition into a post-pandemic world.

He made particular reference to paragraph 26 of the report regarding homelessness preventions, noting that filling staff vacancies and providing training increased the number of preventions by 42%.

In addition, he noted paragraph 29 of the report which highlighted that post-consultation engagement with all partners and stakeholders was now complete and the Inclusive Economic Strategy had now been considered by Cabinet and approved.

Further highlights were reported in respect of Business Durham activity and increased occupancy rates for premises and Town Centres. Tourist attraction and events had also seen large numbers of attendees, with Bishop Auckland Food Festival generating a direct economic impact of almost £420,000, a 697% return on DCC's £60,000 investment.

With regard to areas of performance which weren't doing as well, the Corporate Policy and Performance Manager noted that the number of rough sleepers had continued to rise due to the current financial climate, with more new presentations being seen by the team on the streets as opposed to returners.

Further details were reported in respect of lost Leisure Centre income post-pandemic, with visitor numbers being further compounded by the current economic crisis.

Other areas worthy of note and highlighted by the Corporate Scrutiny & Strategy Manager included an update on the selective licensing scheme which came into effect on 1 April 2022, noting that only 17% of eligible properties in County Durham were fully licensed. A further 9% had submitted applications.

The Chair asked for further information/breakdown of the reason for the plus 9 % increase in presentations to the Housing Solutions Service. The Corporate Policy and Performance Manager suggested that he would endeavour to get some better analysis in relation to the reasons for the increase.

Resolved:

That the content of the report and the direction of travel in relation to quarter two performance, the continuing impact of COVID-19 and the increased cost of living on the council's performance, and the actions being taken to address areas of underperformance including the significant economic and well-being challenges because of the pandemic be noted.

10 Minutes of the County Durham Economic Partnership Board held on 27 September 2022

The Minutes of the County Durham Economic Partnership Board held on 27 September 2022 were noted for information.