

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 **Monday 18 September 2023** at **9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors A Surtees, A Batey, G Binney, R Crute, M Currah, D Freeman, P Heaviside, G Hutchinson, R Manchester, R Ormerod, I Roberts, K Robson, K Shaw, M Stead and A Sterling

Co-opted Members:

Mrs R Morris

Also Present:

Councillor(s) C Marshall and E Scott

1 Apologies for Absence

Apologies for absence were received from Councillor C Lines and M Simons.

2 Substitute Members

There were no substitute Members.

3 Minutes

The minutes of the meeting held on 3 July 2023 were confirmed as a correct record and signed by the Chair.

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 Strategic Sites - Update

The Committee received a report of the Corporate Director of Regeneration, Economy and Growth which provided the strategic context for economic growth in County Durham and the role of employment land in delivering that growth. It set out the existing employment land in the county, the allocations of employment land for future development, strategic employment sites and progress on delivery; and the allocation of future land for employment growth (for copy see file of minutes).

Amy Harhoff, the Corporate Director of Regeneration, Economy and Growth provided a detailed presentation to members with Sarah Slaven, Managing Director Business Durham and Mike Allum, Spatial Policy Manager in attendance to assist with questions. The Corporate Director confirmed that the report and the presentation also provided a breakdown of the various strategic sites in the county which linked to questions that had been previously asked by Overview and Scrutiny Committee members. In relation to the presentation she explained that it set out the economic context, what employment land we had and confirmed that this was set out in the County Durham Plan, details on what the major employment sites were, how Durham County Council supported businesses and jobs located at these sites and how the Council attracted investment.

Concerning the economic context the Corporate Director highlighted that County Durham needed to be 'punching its weight both regionally and nationally' and emphasised the opportunities that existed within the county that included a skilled workforce, high land availability, strategic locations with road and rail transport links, sector specialisms, a world leading university and Devolution. In relation to the distribution of land she explained that employment land were clusters of land that supported existing employment across the County. The larger sites were located along the A1 and A19 corridor as they had access to good transport links with the ability to move completed goods. There were peaks in figures to reflect the big sites taken forward and delivered on land over a five-year period.

The Spatial Policy Manager clarified that future employment land had been identified in the County Durham Plan (CDP) which was adopted in October 2020. There was a national requirement to review the plan every five years however the Levelling Up and Regeneration Bill currently going through Parliament included major reforms to the local plan preparation process with guidance expected later this year. As a result of this legislation DCC may need to review the CDP later next year, with a new plan requiring a new evidence base including a New Employment Land Review. It was confirmed that key evidence had been included in the Employment Land Review (ELR) on take up rates, demand for employment land and what areas investors were focused on. The ELR would be updated as part of preparations for a new County Durham Plan.

The Corporate Director of Regeneration, Economy and Growth stated that the scale and scope of land for growth, good transport networks and connectivity that reflect the private sector at a regional and national level with a high profile makes a good employment site for investors. DCC continued to monitor the demand for these sites.

The Corporate Director then provided members with key facts in relation to the various strategic sites in the county: NETPark; Durham Innovation District (Ayckley Heads); Forrest Park; Integra 61 and Jade Business Park and then highlighted other major existing employment sites including Aycliffe Business Park, Peterlee Industrial Estate, Seaham Spectrum Business Park with concentrations of employment around Bishop Auckland, Spennymoor, Consett, Stanley, Chester-le-Street, Durham City and Barnard Castle. It was confirmed that the support provided to these sites was different to that provided to the strategic employment sites with strategic sites having more land to develop and the return on investment having to meet the level of borrowing. In addition, DCC was involved in the development of other sites including Station Place at Merchant Park, South Church Enterprise Park, Drum Industrial Estate and the Bracken Hill Business Park.

The Managing Director, Business Durham noted that support was provided to attract inward investment including infrastructure provision, trade events and a bespoke approach to individual enquiries as well as supporting businesses through an account management approach to understand their expansion requirements and provide softer support to help navigate the market for example funding and finance options such as the Council's Finance Durham Fund. There were small incubator connections and networks to support new businesses to grow. She stressed that every business had access to Business Durham for advice and support which had seen significantly more enquiries emerging. She stated that there had been a high capital programme in the last ten years that was a reflection in external grants claimed as it was important to access funding to resource growth.

Councillor Crute commented that he thought it made sense to attract businesses along the A1 and A19 corridor as the key word was accessibility. He was unsure how it would affect outlying towns and villages that were located in more rural areas and highlighted that there was a need to consider how we ensured these employment sites were accessible for residents living in all our Towns and Villages across the county. He continued that the authority had received reduced transport funding and queried if funding was available through the UK Shared Prosperity Fund (UKSPF) as within the Devolution deal it appeared that Durham County Council would be locked out of transport funding for three years until 2028. He continued by asking for clarification as to whether the Inclusive Economic Strategy (IES) Delivery Plan which was to be considered by the committee in October under the 'Place' theme would provide any more information on actions to address transport links to employment sites across the county.

The Corporate Director of Regeneration, Economy and Growth stipulated that every development required a travel plan to ensure that transport was accessible. Additional work had been progressed at the Park and Ride schemes for the larger sites. The Devolution deal would not enable Durham County Council to access transport funds for the first three years but the authority had the Bus Services Improvement Plan (BSIP) delivery plan to progress the development of passenger services within the county. She continued that the economic improvement plan was critical to support the strategic sites and there was an expectation that Durham would see future investment in passenger transport services to improve accessibility. She acknowledged that the provision of public transport to rural areas within the county was a challenge.

Councillor Crute requested further information on the IES delivery plan. The Corporate Director confirmed that more information would be provided at the October meeting of the committee.

Councillor Surtees asked if the sale of the HQ at the Sands had hindered the development of the Aykley Heads site and the potential 6000 jobs. She noted that there were no figures reported for current jobs at the site. She remarked that the terminology used in the report regarding a 'new DLI Museum' at Aykley Heads was misleading and should be amended.

The Corporate Director of Regeneration, Economy and Growth responded that there were no figures reported for current jobs at the Aykley Heads site because figures were forecast on these sites and the potential jobs would be 4000. The additional capital monies from the sale of the HQ at the Sands were included in the Medium Term Financial Plan process. She agreed to look at the wording in the report to reflect the new branding and identity of the former DLI museum.

Councillor Surtees reiterated her question as to whether the sale of the HQ at the Sands had delayed the development plan posed for the Aykley Heads site and was it potentially two years behind schedule. She continued by asking for clarification that if the HQ had not been sold would the development of the Aykley Heads site had progressed further.

The Corporate Director of Regeneration, Economy and Growth answered that the Aykley Heads site was now a broader development proposal, it had now a joint venture proposal, which was a different proposition to when the original proposal was considered. She felt that the joint venture at Aykley Heads was progressing at a pace as expected.

Councillor Moist confirmed that the Aykley Heads site would be reviewed at a later stage in the work programme of the Economy and Enterprise Overview and Scrutiny Committee. He was concerned that the proposed number of jobs for the site had dropped significantly from 6000 to 4000 and queried why it had reduced.

The Corporate Director of Regeneration, Economy and Growth stated that the numbers were forecast in 2018 and at that time had included the plateau area which was in the Green Belt. This area was subsequently removed from the site.

Councillor Sterling asked about the time scales involved for sites to maximise the number of jobs expected. She enquired if businesses were vetted on the number of employees they would bring forward. She gave Jade Business Park as an example which in phase 1 it had 7 units that were full and queried if this was on track to deliver the number of jobs that had been expected versus the reality of how many there actually were at present. She congratulated Business Durham on the recent networking event that had been held at Consett Business Park to support smaller businesses. She believed it had been well received by everyone who attended and participated.

The Managing Director Business Durham stated that a forecast was always made on the amount of space against the different metrics and type of expected business occupiers to determine the number of potential employees for a site. With some applications a unit would be taken to provide growth capacity but did not create large numbers of jobs on day one. She emphasised that all sites were at the expected level in the phases of their development.

Councillor Stead referred to the new Mayoral Combined Authority and the £4.2 billion of investment for the region including £1.4 billion investment fund together with significant funding for transport, education, skills, housing and regeneration and asked that in relation to public transport would County Durham receive extra funding from the Combined Authority and would the £1 and £2 fares scheme currently running across the county continue. He continued by asking if Business Durham supported businesses within the Drum Industrial Estate at Chester-le-Street, what the occupancy levels were currently and whether there was land available for the further development of the site. He questioned why the Leisure Centre Investment was shown as being down for the year and not operating at the maximum.

Councillor Moist informed the Committee that the Leisure Transformation Programme would be addressed later in the committee's work programme.

The Corporate Director of Regeneration, Economy and Growth replied that it was forecast that the devolution deal would bring £4.2 billion of funding to the Northeast. As Durham was the largest Authority there was an expectation that there would be significant investment in Early Years that would need to be spent by 2026 along with additional funding for Regeneration. Work was ongoing regionally to develop an investment plan and that County Durham was developing its own investment plan which would draw out clear priorities and play into the development of the regional plan. The Leisure Centre report was due in the Autumn that would identify the next steps for leisure within County Durham.

The Managing Director Business Durham confirmed that Drum Industrial Estate had an active business network, supported by Business Durham, with a mix of private small companies and larger businesses for example in the logistics sector located on site. She agreed to confirm the current occupancy as the small units had a high turnover and also to clarify the position in relation to any further land for development in the area.

Cllr Stead asked for confirmation as to whether there was any land available for further development.

The Managing Director Business Durham agreed to investigate and provide a response to the member.

Councillor Freeman was impressed that the Business School and Atom Bank had been retained in the city within the innovation hub. He asked why it was thought that the site would attract high quality jobs and for detail of timescales as to when there would be units built at Framwellgate Waterside and Aykley Heads.

The Corporate Director of Regeneration, Economy and Growth reiterated that it was great that Durham City had retained the Business School and Atom Bank Research making it an innovation hub rather than a business park. These organisations would help attract high value jobs to the area and confirmed that, this had previously happened with NETPark at Sedgefield which was developed around growth sectors and commented that there was no reason that the county could not do this again. Aykley Heads was a phased joint venture to develop over eighteen months. Durham County Council were in the early stages that would look to short list potential investors. This would be followed by an extensive procurement process and it was intended to move quickly with the development of the site.

The Innovation Strategy would include the demolition of County Hall and delivery of a cleared site with the development of the site taking place over several years.

Councillor Marshall commented that he was frustrated in relation to the Integra 61 site, that it had taken years to get movement on this site but other sites had progressed at a faster pace. He queried as to how Durham County Council could get the accountability right with partners investing in the area to keep to development timescales. He was concerned that political uncertainty in the Council was holding back investment from the private sector, the sector was losing confidence in the authority as they had no guarantee in relation to future policy and he commented that there needed to be collaboration within the authority to ensure the development of these sites in the future. He stressed that Durham could not afford for politics to get in the way of moving forward.

Councillor Marshall thought the devolution deal could be lucrative but as Durham were slow to the negotiations, he felt we could lose out if we did not build relationships at a regional level. He was concerned that grant monies had been paid back to the Government as the Council had not spent the funding. He continued that this should not be the position that the authority found itself in going forward and concluded by highlighting the need to consider how we would get investment into smaller sites across the county.

The Corporate Director of Regeneration, Economy and Growth acknowledged that Integra 61 had not progressed at the pace as first anticipated when the agreement was signed. However, the Council were subject to conditions in a commercial contract signed at the time which would be reviewed as appropriate. In terms of the devolution deal there was money available for regeneration and work had been developed around this but there was still a lot to accomplish and engagement with Members was key.

The Managing Director Business Durham reported that monies would be available through the UKSPF, the Prosperity and Growth Scheme had been launched providing £4m in grants to support our industrial estates across the county. This would be an opportunity to look to see how this funding could be used to support businesses across the County to expand and become more productive.

Councillor Moist stated that the report pinpointed delivery and was full of promise however he wanted to see more action in relation to delivery across the sites. In terms of inward investment he thought Durham was stagnant in comparison to other areas which seemed to progress at a faster pace. He queried if there were targets that had to be achieved.

Councillor Stead queried how good businesses could be attracted to the city centre, what was accountable and what successes there were. He felt that the perception of the North East might hold Durham back.

Councillor Moist asked whether the Aykley Heads site would attract employers from other sites in the county. He continued by asking whether we had sites in the correct locations with the right mix of businesses. He continued by commenting that Durham needed to keep up with demand for business locations and gave the example of development in Chester-le-Street and asked whether the Drum Industrial Estate could be expanded through the planning process or what were the plans for the Go North East bus depot and the former Civic Centre site as it was unclear if this was to be used for a leisure centre or whether for industrial use rather than houses.

The Corporate Director of Regeneration, Economy and Growth informed the Committee that in the long term 25,000 jobs were to be created by 2035. In the early years figures would be lower as businesses established themselves. Delivery of all sites were where they were expected to be. Although Durham appeared to be stagnant it was in line with the region. In relation to the performance of the economy, targets would be set including comparisons and they would look at better targets for the economy going forward. She welcomed Scrutiny to challenge action and get a picture of the context. She highlighted that the current backdrop was extremely challenging with increased energy bill prices, the rise in inflation and the affects from the pandemic.

The Managing Director Business Durham stressed that on a national level Durham was on target in relation to inward investment and in some respects ahead of target. However, they were not huge size companies but Durham was performing well in the current economic context. She acknowledged that inward investment did not always come to fruition within one year but the groundwork helped to secure the investment in future years.

Councillor Moist commented that he wanted more jobs and prosperity for County Durham and was concerned that Durham was starting from behind the UK average.

The Corporate Director of Regeneration, Economy and Growth responded that although Durham was behind in the economy nationally it was on target regionally and on par with similar authority areas to Durham.

Councillor Surtees requested information as to where the capital receipt from the sale of the HQ would appear in the MTFP.

The Corporate Director of Regeneration, Economy and Growth agreed to look into this and provide a response.

Resolved

That the content of the report was noted.

7 Quarter Four: Revenue and Capital Outturn 2022/23 and Quarter One: Forecast of Revenue and Capital Outturn 2023/24

The Committee considered two joint reports of the Corporate Director of Resources and the Corporate Director of Regeneration, Economy and Growth. The first provided details for the final revenue and capital out turn position for the Regeneration, Economy and Growth (REG) service grouping in 2022/23 that highlighted major variances in comparison with the budget (for copy see file of minutes).

Ed Thompson, Finance Manager Resources and Regeneration was welcomed to the Committee as the replacement for Ian Herberson. He gave an update on the final outturn for 2022/23 that looked at the revenue and capital for the previous year. In relation to the revenue account the service reported a cash limit variance (overspend) of £0.698m against a revised budget of £57.77m. The REG Cash limit balance carried forward at 31 March 2023 was £1.373m and other earmarked reserves under the direct control of REG total £25.297m. The report provided details of the areas of underspend and overspend within the service accounting for the outturn position.

In relation to the capital account actual spend to 2022/23 amounted to £76.159m from a total capital budget of £84.73m with key areas of spend highlighted in the report.

It highlighted the revenue breakdown for each service that was spent on utilities and fuel. There was an overspend against the comparison at quarter three and there was capital expenditure incurred with a request to MOWG to carry forward an underspend.

Councillor Marshall requested if there could be further detail provided in relation to the capital account (appendix 3) of the report as the figures did not reflect what was proposed in the programme, timescales, if projects were on track or if there were any projects delayed. He also requested a breakdown of areas of where projects were being delivered and their priority to help members scrutinise the budget reports in the future.

The Finance Manager Resources and Regeneration agreed to take the comments back to his team and see if the information requested could be accommodated in future reports.

Resolved:

That the content of the report be noted

Councillors Crute and Marshall left the meeting at 10.40am

The second joint report of the Corporate Director of Resources and the Corporate Director of Regeneration, Economy and Growth provided details of the forecast outturn position for quarter one revenue and capital for Regeneration, Economy and Growth (REG) as at 30 June 2023.

The Finance Manager Resources and Regeneration gave an update on the outturn position to date. He stated that there was a revenue forecast for the pending year but it was too early in the year to predict the spend. He noted that the budget was monitored monthly. The report showed the cash limits for each service and stressed that the financial outlook was a challenge for all services. The Leisure Centre income was outside the cash limit as Health and Safety were carrying out investment work as part of the Leisure Strategy.

Councillor Moist reiterated that the committee would be receiving an update on the Leisure Centre Transformation Programme as part of the committee's work programme.

Resolved

That the content of the report was noted.

8 Quarter One 2023/24 Performance Management Report

The Committee received a report of the Chief Executive Officer that presented an overview of progress towards the delivery of the key priorities within the Council Plan 2023-27 in line with the Councils Corporate Performance Framework in quarter one from April to June 2023.

Gemma Wilkinson, Strategy Team Leader gave a verbal summary of the main messages on performance for the Service Grouping noting progress to date. She noted that the format of the report had changed to a suite of dashboards structured around specific service areas using greater data visualisation to provide more focus and transparent information that showed trends, targets and direct travel for bench marking. The format followed the Council Plan themes relevant to the Committee.

Councillor Surtees commented that she was concerned that the performance of the Poverty Action Steering Group was not included in the report and asked where this information was reported to. She referred to paragraph 52 of the report where reference was made to the number of households receiving advice from the MMB scheme being lower than the same period last year and that this decline had been attributed to the fuel cap limit and decreasing bills. She asked for the evidence to support these claims.

The Strategy Team Leader stated that there was a performance framework that sat alongside the strategy and agreed to take the question back for a response.

Stephen Gwilym, Principal Overview and Scrutiny Officer remarked that there was a performance framework for the Poverty Action Steering Group. The performance of this group had been included as part of the Corporate Overview and Scrutiny Management Board work programme. It was suggested that the service check and ensure that this information was included in the performance report to be considered at a future meeting of the COSMB.

Councillor Stead referred to the increase in tourism for Durham in comparison to previous years. He felt this was down to the Culture bid and the end of the pandemic. He thought it was interesting that money was being brought back into Newton Aycliffe and Chester le Street and not just the Dales. He queried whether the relevant tourism targets should be increased since tourism was doing so well. He then continued that thought could be given to free carparking in Durham City to increase the economy for smaller businesses and gave the example, if people wanted to go into Durham for small purchases without the hassle of the park and ride scheme or the cost of parking which could deter people.

The Strategy Team Leader commented that she would discuss with the service the current tourism targets.

Councillor Moist noted that the Strategy Team Leader was in attendance to discuss the performance management report not the parking policy.

Councillor Shaw was concerned with the homeless figures that appeared to be worse over the period and asked for clarification as to the cause of the increase.

The Corporate Director of Regeneration, Economy and Growth responded that there was a report due to go to Cabinet in October that would look at the updated homeless strategy and the consultation. There were different issues converging including financial pressures across the County and the availability of social housing.

Councillor Ormerod agreed with Councillor Stead and was impressed with the tourism performance figures. He requested that there should be more made of County Durham as a Yorkshire Authority and highlighted that it is two historic counties not just one.

The Corporate Director of Regeneration, Economy and Growth stated that there were areas that could be improved upon with tourism. She noted that work was being carried out on the length of stays for visitors.

Councillor Shaw remarked that with the financial pressures on the council and prevention figures increased then work should be carried out to engage with people to help them stay in their own homes that would prevent homelessness.

The Corporate Director of Regeneration, Economy and Growth responded that there were challenges with accommodation and that there was an increase in relation to the statutory obligations on the Council to accommodate the most vulnerable.

Councillor Batey commented that she was impressed with the new format of the performance report, the dashboards were very helpful in comparing data. She noted that Durham had a good cultural offer with cinemas and theatres. She remarked that she thought that an additional indicator should be added to show the number of overnights stays.

The Strategy Team Leader responded that she would take this suggestion back to the Service Grouping.

Councillor Scott the Cabinet Portfolio Holder commented that she had been at a planning session with Visit County Durham where performance had been discussed and it was made clear that they want hard performance targets going forward.

Mrs R Morris commented that she liked the new dashboard and asked if the new performance report could include data that gave a picture of how various areas in the county were performing. She stated that if the areas were unpicked incentives could be initiated to target resources in those areas that were underperforming. She also asked what was happening in relation to the Restart Programme that was taking clients from DCCs Employability Programmes. There was no one from the service to debate the situation but it needed to be resolved.

The Strategy Team Leader agreed to seek advice and provide a response in relation to the points raised above.

Councillor Shaw left the meeting at 11.10am

Councillor Surtees queried if there was any work being undertaken to promote events in County Durham. She remarked that it was the Year of the Coast but she had not seen any promotional material for this.

Councillor Scott agreed that this should be promoted and she would take this back and discuss with VCD. Councillor Moist remarked that the homeless figures had increased and asked how many empty homes there were in County Durham. He knew of empty properties that were within cemeteries that were not in use and commented that these empty homes could make a difference.

The Strategy Team Leader would need to seek the latest figure and agreed to report back.

Resolved

That the content of the report was noted

9 Minutes from the County Durham Economic Partnership Board held on the 14 June 2023

The Minutes from the County Durham Economic Partnership Board were circulated for information.

10 Any Other Business

Councillor Moist reminded Members that there was a Special Economy and Enterprise Committee to be held on 6 October 2023 to consider the IES draft delivery plan and an Informal Information session arranged for 30 October 2023 to discuss the Selective Licensing Scheme.