

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 21 October 2013** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, A Batey, J Bell, J Clare, J Maitland, P McCourt, H Nicholson, R Ormerod, J Rowlandson, M Simpson, P Stradling, O Temple, A Willis and N Foster

Co-opted Members:

Mr A Kitching and Mr P Robson

Also Present:

Councillor N Foster

1 Apologies

Apologies for absence were received from Councillor J Armstrong and Mrs O Brown.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meetings held 10 September 2013 and 24 September 2013 were agreed as a correct record and were signed by the Chairman.

The Overview and Scrutiny Officer, Diane Close informed the Committee that with reference to Minute 9, 10 September 2013, Improving Economic Governance in the North East Local Enterprise Partnership Area, a draft Statutory Instrument/Guidance on the Combined Authority would be out for consultation in the next week or so. It was intended that the response from the Authority will be shared with the Committee at the meeting on the 9 December 2013, providing an opportunity for Members to comment.

In relation to Minute 6, 10 September 2013, Council's Approach to Regeneration (page 4, first paragraph) it was noted that, concerning the work/engagement being undertaken with the University and Technical College, Councillor E Adam asked whether there was any further information/detail available.

The Overview and Scrutiny Officer confirmed that she would contact the relevant Officer to find out if there was any additional information available to forward to the Member.

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 of Interested Parties.

6 Media Relations

The Overview and Scrutiny Officer 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 of slide see file of minutes) namely: Tourism, with events such as Lumiere, the development at Seaham Harbour Marina and the Tourism Management Institute's Annual Conference, hosted by Visit County Durham; ongoing consultation on the County Durham Plan, noting the Overview and Scrutiny Workshop being held on 4 November 2013; and the provision of super-fast broadband in Shildon and Beamish, noting that the Head of ICT, Phil Jackman would be in attendance at Committee on 9 December 2013 to speak to Members.

Resolved:

That the presentation be noted.

7 Tourism - Update

The Chairman introduced the Chief Executive, Visit County Durham (VCD), Melanie Sensicle who was in attendance to give Members an update in relation to Tourism in County Durham (for copy see file of minutes).

The Chief Executive, VCD thanked Members for the opportunity to provide an update and began by informing the Committee that a proportion of Regional Growth Fund (RGF) monies received by Visit England (VE), had been allocated to Visit County Durham to be spent upon promoting the county to a national domestic audience as a tourist destination. Councillors noted that VCD had been allocated £420,000 over three years with a requirement to match this with £210,000 of match funding from the private sector. Members were shown a brief video, showing the marketing activity and the results it had delivered, and it was explained as residents within the County, Members may not have seen the campaign across the country, for example at King's Cross Station in London, and along the East Coast mainline.

Councillors noted that County Durham had been one of fourteen destinations in England to receive direct investment alongside more developed destination such as Cornwall, the Lake and the Peak Districts.

Members noted that the Durham Tourism Management Plan 2012-16 was available via the VCD website and that the document had been considered by the Durham County Council's (DCC's) Cabinet and there had been wide consultation with those within the County Durham tourist industry.

The Committee noted that vision for Durham as a visitor destination was:

“County Durham will offer a visitor experience that matches its outstanding natural landscapes and internationally famous built heritage. The visitor economy will support long term social, economic and environmental sustainability right across the County and be recognised by the County’s residents as important to the quality of their lives”.

The Chief Executive, VCD noted that while tourism can positively impact on residents quality of life, the focus of Visit County Durham was on the benefit to the economy, through increased numbers of jobs and increased spend within the County. It was noted that specific aims were:

- by 2015 Durham will offer a visitor experience that matches or exceeds the best offered by England’s premiere county destinations
- the County will fulfil its potential as one of the North East of England’s lead destinations, attracting visitors to the region from across the UK and target overseas markets
- by 2020 the County’s visitor economy will account for 17% of the County’s economy. This will deliver 2,300 additional jobs.

The Committee noted that in respect of the first point, Durham is not yet on a level with more developed destination such as behind York and North Yorkshire, Chester and Cheshire and Bath and North Somerset. It was added that over the last 10 years, over 3,000 jobs had been created via Tourism, and the target of an additional 2,300 by 2020 was thought to be a realistic and achievable target if all the relevant plans worked together to deliver.

Members were informed that in order to deliver those aspirations there needed to be help for businesses to improve their performance, to maximise their potential in the midweek and off-peak seasons and to improve the “visitor journey”, offering lots of information and options that could result in another visit and to generated positive “word of mouth” promotion. The marketing as demonstrated via the video was reiterated but it was emphasised that marketing alone is not enough, there is a need to “develop the product”, building a critical mass to tap into the UK trend for short breaks of 2-3 days up to an optimistic week stay. It was explained that there would a need to ensure that visitors had a good personal experience to encourage repeat visits and good word of mouth promotion and this came from having a well-trained tourism and hospitality workforce, fit to deliver. The Chief Executive, VCD noted that to support those necessary conditions, there was a need to look to good partnership working, carry out quality research and gather market intelligence to help in decision making.

It was added that evaluating the performance of the visitor economy was vital in being able to see what worked and what needed support. The Committee noted that current performance showed, for 2012, 17.8 million people visit the County, £708 million was spent by visitors in the County and 10,643 jobs were supported by the visitor economy.

It was explained that these figures included contributions for direct and indirect jobs/spend and that the proportions were considered within a mathematical model, for example taking into account the proportion of a restaurant's trade as being provided from tourists. The Chief Executive, VCD noted that whilst the 2012 Olympics may have been a source of national pride and a success internationally, at the time it had a negative impact as much of the nation was watching the events at home on television and not travelling.

Members understood, however, that the general trend for Durham had been upward over the last 10 years and that 2013 should receive a boost as it is the Durham "Year of Culture" including highlights such as the return of the Lindisfarne Gospels at Durham University which had helped to fill hotels in County Durham and further afield, as well as the success of the Ashes Test being held at the Riverside Ground (Emirates Durham International Cricket Ground) at Chester-le-Street.

The Chief Executive, VCD explained that there were gaps in the County Durham Tourism offer as set out in the presentation, notably an absence of National Trust and English Heritage properties a lack of formal gardens, with none having Royal Horticultural Society (RHS) accreditation, however, there was difficult to persuade organisations such as the National Trust or English Heritage, or indeed private owners, to invest in existing gardens or to create new ones.

Members learned that those visitors that stayed overnight represented 10% of all visitor numbers, but equated to 40% of the overall spend, highlighting the value in promoting a 2-3 days visit over a day trip. It was added that seasonality was still an issue for County Durham, however this was more pronounced in rural communities and non-serviced accommodation which is located in more rural areas. Councillors noted that 30% of those visiting the County were visiting friends and relatives during holiday periods with a proportion of those people stopping at the relatives homes, not staying in hotels or holiday lets. Members learned that 50% of visitor expenditure came into food and drink businesses, with only 9% going to accommodation providers. It was explained that in 2012, several thousand non-serviced beds (self-catering, camping/caravans, hostels) had been lost, an example being Durham University withdrawing a 650 beds for sale, and that this had negatively impacted on the volume value of the visitor economy for 2012.

The Chief Executive, VCD noted that Members may be surprised to learn that the Vale of Durham, the areas between the A19 and A68 roads was the most valuable to the tourism economy, representing a worth of around £295 million per annum, and that the numbers of visitors to the County Durham coastline and the Durham Dales were roughly comparable, albeit with more overnight visitors to the Dales, more day trip to the coast. It was noted that Durham City needed to do more to drive the County's visitor economy.

The Chief Executive, VCD reminded the Committee of the role of VCD, as a destination management organisation, supported by DCC and led by the private sector, noting that 95% of the businesses with the tourism industry in County Durham were "micro businesses".

It was explained that VCD was seen as an example of best practice nationally by Visit England and had just over 20 staff. Members noted that VCD staff attended over 40 different forums, groups and meetings a month including the Area Action Partnerships (AAPs).

Councillors were reminded that VCD led on the promotion of the Lindisfarne Gospels exhibition, had secured a £450,000 investment from Visit England to market the County nationally and it was expected to secure an investment of £750,000 from the Department for Farming and Rural Affairs (DEFRA) for rural tourism development. The Chief Executive, VCD concluded by referring Members to a table (for copy see file of minutes) setting out a summary of the visitor economy development in Durham since 2007, with 8 priority areas of activity.

The Chairman thanked the Chief Executive, VCD for her presentation and asked Members for their questions.

Members asked questions on several issues including: the contrast in overnight stay numbers in the Dales in comparison to the coast, given lack of accommodation along the A19 corridor and East of the County; the impact of poor transport infrastructure on tourism; attracting foreign visitors; promoting of the Durham coast and its relatively poor connection to Durham City; a lack of family attractions; linking attractions to their local towns, an example given being Locomotion and Shildon; accessing EU Transitional funding to help support the small tourism businesses; input at the local level from Town and Parish Councils; what was required to fill the gaps as identified; what the relative spend would be in achieving the 17% contribution to the County's economy by 2020; and the Miners' Gala being linked to tourism.

The Chief Executive, VCD explained that in the case of accommodation at the coast, a number of developers have a "Plan A" to develop tourist lets, however market conditions can force a "Plan B", more likely than not to go for residential development. It was added that VCD would help support any Plan As and encourage, however, confidence in the market was key and that recent accommodation study had shown that the types that were required in County Durham were: holiday parks; glamorous camping or "glamping" and 3 or 4 star hotels in Durham City.

Members noted that in general, the main North/South arterial links such as the East Coast mainline and A19 and A1 were very good and that around 85% of visitors came via car, therefore public transport issues were secondary. It was noted that a lack of "excursion products" was a potential solution but the main provider of excursions in the county had recently said that we are short of visitor numbers in the city to support a profitable excursion trade. The Chief Executive, VCD estimates that an additional 2 million visitors to the city was required to provide a case for viability for new attractions and for the excursion market. In relation to advertising to attract foreign visitors, it was noted that advertising abroad was very expensive and that with no direct links to the region to the USA or the far-east money spent could be wasted. It was noted that Durham was part of a "heritage group" that included Bath and Chester and others, and this group was a vehicle for overseas marketing. Members noted that, as an example of what is needed to be effective in overseas markets, Visit Scotland had an office in New York and there was no substitute for being "there on-site".

It was added that it was important to try and engage with the travel trade and encourage them to add Durham to their itineraries, again with a need to develop more products to promote and sell being key to achieving this.

The Chief Executive, VCD noted that the Durham coast featured heavily in the pictures promoting Durham that had been displayed nationally, including a centre-spread in the Independent newspaper's "pull-out".

It was suggested by Members that there would be a need to continue to push the coast as an issue. Members noted that the Tourism Management Plan highlighted several gaps in product that needed to be filled. Durham's visitor profile was mainly couples over 45 years. It was noted this could be seen as consequence of a lack of family orientated attractions and, albeit with the success of Beamish, Adventure Valley, Hall Hill Farm and Locomotion, there were not products within the County akin to a "Center Parcs" or a "Lightwater Valley" for example.

Councillors noted that it was important to try and maximise the potential of the visitor attractions and to link up to local towns, to try and lengthen stays. The Chief Executive, VCD explained that at the moment EU funding was not available for customer facing businesses, rather for business to business support. It was added that therefore it was important to try to link in such a way as to support the visitor economy such as between travel companies and tour operators and to look at any possible means of getting funding more directly with the new funding programmes coming up.

Members noted that 3 AAPs had Tourism as a priority: Weardale; Teesdale and Durham City and these AAPs had been attended by VCD staff. It was noted that the majority of AAPs had the economy as a priority, with Tourism being just one aspect of this. Councillors noted that some Town and Parish Councils were heavily involved in tourism issues, with several that engaged regularly with VCD including Seaham, Bishop Auckland, Barnard Castle and Stanhope. Members learned that Stanley Town Council had recently approached VCD with a view to creating a destination development plan for the town "tourism plan" VCD were happy to work with them in this regard.

The Chief Executive, VCD noted that to tackle the gaps as identified there was a need for funds to invest in products and the workforce/staff to deliver those products, within the tourism industry and VCD. Members were reminded that with the loss of the Regional Development Agency (RDA) One North East, there was a reduction of approximately £1 million in the budget to deliver tourism services, with the teams in position now marking a minimum provision. It was reiterated that the 20 VCD attended over 40 meetings with partners, community groups and business a month and that the tourism was a "hands-on people industry", with County Durham having relatively few staff in comparison to similar areas with similar tourism ambitions. The Chief Executive, VCD noted that the spend required deliver the 17% contribution from tourism to the overall County Durham economy by 2020 was difficult to quantify, however, it was noted that funds from RGF and DEFRA would help alongside other funding streams and it was noted tackling the lower achieving mid-week and off-peak periods by building up the conference/meeting side of the Durham tourism offer may provide an opportunity to work towards the 17% target.

Councillors noted that in the past, the Chief Executive, VCD had tried to link in with the Miners' Gala and the Portfolio Holder for Economic Regeneration, Councillor Neil Foster noted that the Miners' Gala was promoted in conjunction with the Durham Brass Festival. Members noted that there could be opportunities to promote further events around the Gala day, as it was a known fixed point within the "Durham calendar" and the Chief Executive, VCD noted that expanding on events to capitalise on the benefits of overnight visits was important.

Resolved:

- (i) That the information within the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the tourism offer in County Durham at a future meeting of the Committee.

8 Infrastructure Delivery Plan and Community Infrastructure Levy - Overview

The Chairman introduced Principal Policy Officers Regeneration and Economic Development (RED), Peter Ollivere and Michelle Robinson who were in attendance to give Members an overview presentation in relation to the Infrastructure Delivery Plan and Community Infrastructure Levy (CIL) (for copy see file of minutes).

The Principal Policy Officer, P Ollivere thanked Members for the opportunity to speak to the Committee and began by explaining that the County Durham Plan (CDP) set out the planning framework for County Durham up to 2030 and in order to meet the needs of present and future residents, the CDP had the aim to deliver: at least 31,400 new homes; 399 hectares of general employment land; and 9,600 square metres of new retail floor space. It was noted that in order to deliver against the CDP there was a need for infrastructure to be in place, the Infrastructure Delivery Plan (IDP). Members noted that physical infrastructure included not only the more obvious road and rail links, but also issues such as sewer capacity, flood mitigation and defence, and ICT connections. It was added that other "social and green" infrastructure included education, medical care, emergency services and areas such as the Heritage coast and the Heart of Teesdale.

The Committee noted that the IDP Report adopted a spatial approach, with the delivery areas of North, South and West, East and Central being familiar to Members. Members were referred to an example slide showing the South Durham infrastructure requirements, and highlighting Town Centre Investment Schedules operating a red, amber green system of identifying need. It was added that an overall funding gap in terms of infrastructure of £96 million had been identified and that this gap helps to provide the rationale for introducing CILs.

The Principal Policy Officer, M Robinson reminded Members of the benefits of CIL in being able to provide strategic infrastructure needs and the ability to have a proportion of the contribution being made direct to local communities.

Other advantages that Members noted included the standard charge per m², giving clarity and certainty to not only the Local Authority, but also to developers, industry and landowners and the fact that all developers pay proportionally and contributions can be pooled as required for infrastructure projects. Members noted that for s106 Agreements, the other method of securing developer contributions, where development was small scale, there was often no contribution and no scope to pool s106 monies towards specific projects. The Principal Policy Officer, M Robinson noted there were limitations, CIL was complex to implement, was some opposition from developers and the relationships between CIL and s106. Members were aware of the risk of setting CIL at the correct rate to be able to pay for infrastructure without deterring or making development unviable, a balancing act. It was explained that in coming to the CIL levels as drafted, a Local Plan and Community Infrastructure Level Viability Study (LP&CIL VS) was carried out looking at: understanding viability areas around County Durham; running viability appraisals; recommending CIL rates for residential and commercial development; and understanding the impact of affordable housing and other policy requirements upon the viability of development schemes. The Principal Policy Officer, M Robinson explained that the implications had knock on effects for other policies and Members were asked to note a slide showing the areas for CIL rates, Durham City and to the North of the City, West Durham and the rest of the County. Members were given a draft charging schedule for CIL and asked to note the sliding scale of levy with the highest being in the Durham area, then the West, then the rest of the County. It was added that there was an understanding that CIL rates of 150 per m² were felt to be realistic for large food retail development, however, for other uses under Classes A and B were not viable and the CIL rate was zero. Councillors noted that a rate of 150 per m² was seen as being very viable for student houses of multiple occupation (HMOs).

The Principal Policy Officer, M Robinson highlighted that community contributions were 15% in areas with a relevant Parish Council which rose to 25% where an adopted Neighbourhood Plan was in place. Councillors noted that there was a cap in place at £100 per household per year; however, it was thought to be unlikely that cap would ever be reached. It was added that in the case of there being no Town or Parish Council or Neighbourhood Forum, DCC would spend the percentage in the area, with mechanisms of dialogue with AAPs being developed. Members noted that reflecting comments received during the ongoing consultation on the CDP, Policy 5 – Developers Contribution set out the approach to s106 and CIL to ensure no “double charging”, the community proportion of CIL; policy requirements still being negotiable; and there being an approach to unviable sites, adopting an open-book with developers allowing them to demonstrate where percentages of affordable homes may not be viable. Members noted that the “Regulation 123 List” would set out priority infrastructure projects outlined in the IDP to be funded by CIL, the list also providing an indication where CIL is sought; therefore s106 monies would not be sought. It was added that current thinking was for a northern relief road for Durham, the Horden/Peterlee rail station and the Bishop Auckland to Barnard Castle Multi Use Route.

The Chairman thanked the Principal Policy Officers for their presentation and asked Members for their questions.

Councillors asked questions in relation to the Bishop Auckland to Barnard Castle Multi Use Route; the 150 per m² CIL rate for student accommodation, how this would work; CIL rates in County Durham in comparison to our neighbours; how the Town and Parish contribution levels were arrived at; and the CIL rates for sheltered housing and extra care provision.

The Principal Policy Officer, P Ollivere explained the Bishop Auckland to Barnard Castle Multi Use Route operated along the South West Heritage Corridor Route and had been led by local Members and the use was wider range, walking, cycling and equestrian.

The Principal Policy Officer, M Robinson explained that the 150 per m² rate for student accommodation was felt to be at a “mid-level” and such that it would not deter new student home development. It was added that CIL did not apply to any existing floor space being remodelled, rather newly created floor space.

Members noted that Newcastle and Gateshead Councils had charging schedules at the draft stage and there was a meeting at Northumberland discussing issues and it had been noted that neighbouring Authorities were broadly making similar CIL assumptions. It was added that there had also been a few meetings with the former Tees Valley in not only considering CIL, but wider CDP issues. The Principal Policy Officer, M Robinson noted that the 15% and 25% contributions to Town and Parish Councils were percentages set by Central Government. Councillors noted that the issue of CIL had been considered by Cabinet and upon looking at the issues further, there had been no difference in the profits of sheltered housing in comparison to regular residential development and the CIL rate was set at residential accordingly. It was noted that for extra care provision, the CIL rate was zero and that additional information could be provided to Members as required.

Members noted the updated CIL charges for sheltered accommodation and extra care accommodation. It was explained that updated evidence suggests that sheltered accommodation will be charged at the same rate as residential and there will be no charge for extra care accommodation. Mr A Kitching was concerned about the proposed charges and following consideration of the viability evidence, he did not agree that there was justification to add a surcharge on sheltered and extra care housing especially when we were looking at closing care homes. Mr A Kitching was of the view that DCC had a moral duty to look after and care for our ageing population and felt that charging to build housing for that purpose was not right.

Resolved:

- (i) That the information within the report and presentation be noted.
- (ii) That the comments made by the Economy and Enterprise Overview and Scrutiny Committee are fed into the ongoing consultation process on the pre-submission stage of the County Durham Plan as the response from Overview and Scrutiny.

9 Durham Key Options - Update

The Chairman introduced the Senior Policy Officer, RED, David Randall who was in attendance to give Members an update in relation to Durham Key Options, a 6 month review of the changes in the lettings policy (for copy see file of minutes).

The Senior Policy Officer thanked Members for the opportunity to speak to the Committee and began by reminding Members that Durham Key Options was the choice based lettings system for County Durham with 8 full partners: Cestria, Dale and Valley Homes, Derwentside Homes, Durham City Homes, East Durham Homes, Livin, Teesdale Housing Association and Accent Foundation, the latter being the first non-area based Registered Provider (RP) to join as a full partner. The Committee were reminded that the DKO Lettings Policy changes came into effect in April 2013, and some issues were filtering through, however, there was a need to see whether these were implications of DKO policy changes or the wider Government Welfare Reform changes.

Members were reminded of the changes made in April, consolidating the number of bands from 9 (A+ to F) down to 5 (A to E), with the removal of Band F, the “no demand” band. It was explained to Members that following the removal of those from the former Band F, there had only been 1 appeal made at “Stage 3”, Head of Service level. Councillors noted that those fleeing domestic violence had now been categorised the same as “standard” statutory homeless applicants and it was added that in emergency situations, RPs were able to direct let, going outside of DKO if necessary.

It was explained that those that had been in Band A+ had been placed into Band A, albeit the computer system place the few (25) former A+ applicants at the top of the new Band A. The Senior Policy Officer referred Members to the report setting out the figures in relation to under-occupation, and explained that Band E “non-bidders” was assumed to be around 500 people. Members noted that around 2,000 had not bid in the last year, and 60% of those had never bid and the issue of whether to remove these from the list was being looked at.

The Committee noted the fall in the number of priority transfers from 240, 2 years ago to around 80 now and the small effect of the Armed Forces Covenant on DKO, albeit with only 18 such currently on the list.

The Senior Policy Officer noted the change in the homeless duty, reducing the time given to bid from 12 weeks down to 6 weeks. It was noted that through more dialogue with Officers, properties were well matched to individuals and there had been less rejections of potential properties. Members noted that extra room eligibility, for example a bedroom for a carer, was part of DKO even it was not the view taken by the Department of Work and Pensions (DWP), with Department of Communities and Local Government (DCLG) Allocations Guidance advising that Discretionary Housing Payment may be available for these applicants. The Senior Policy Officer concluded by noting that he could return to Committee in a further 6 months' time to give Members information on the progress made over the first year of operating the new DKO lettings policy.

The Chairman thanked the Senior Policy Officer for his update and asked Members for their questions.

Councillors asked questions relating to the impact of the reduction on the number of full-time armed forces personnel and a move to Territorial Army and whether this would have an affect; the reduction of the homeless duty bidding time from 12 weeks to 6; the apparent low numbers of those applicants with overnight carers; and whether there was any incentive for the Band E “non-bidders” to even be on the list at all, and if not what advantages could there be in a cleaned list.

The Senior Policy Officer explained that in general, the armed forces changes affected areas that operated barracks, and that the impact upon DKO would likely be minimal. It was added that the 12 to 6 week reduction in bidding time for those the Authority had a homelessness duty was to prevent “non-sensible” refusals, and it was added that further information could be obtained from the Council’s Housing Solutions Core Team Manager, Andy Burnip and passed to Members for their information. It was confirmed that the number of applicants on the register with overnight carers was low.

The Senior Policy Officer explained that the Band E “non-bidders” were in general adequately housed and therefore there was no real incentive to them in being on the list, while creating administration tasks regarding renewals and updating accommodation need. Members were reminded that the choice based lettings scheme was not like the old system where it was critical to “get on the list” and get on early in a first come, first served basis. It was added that for the 2,000 “non-bidders” it may be more efficient to leave them on the list, however, this would be looked into.

Resolved:

- (i) That the information within the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the operation of the lettings policy at a future meeting.

10 Members' Reference Group - Update

The Overview and Scrutiny Officer referred Members to the update report on the Members’ Reference Group – Implications of changes in Government Funding on the Economy of County Durham for information.

Resolved:

- (i) That the information within the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee continue to receive further progress updates in relation to the work of the Members’ Reference Group.