

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 24 June 2013** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Armstrong, A Batey, J Clare, J Cordon, I Geldard, D Hall, J Maitland, P McCourt, H Nicholson, R Ormerod, J Rowlandson, M Simpson, P Stradling, O Temple, A Willis and S Zair

Co-opted Member:

Mr A Kitching

Also Present:

Mr P Robson (JobCentre Plus)

1 Apologies

Apologies for absence were received from Councillor J Bell and O Brown and Ms J McKee (JobCentre Plus).

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meeting held on 5 April 2013 January 2013 were agreed by the Committee as a correct record and signed by the Chairman.

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 Quarter 4, 2012/13 Performance Management Report

The Chairman introduced the Performance and Improvement Team Leader, Gemma Wilkinson who was in attendance to speak to Members in relation to the Quarter 4, 2012/13 Performance Management Report (for copy see file of minutes).

The Performance and Improvement Team Leader noted the information in the report related to the year end figures for 2012/13 and reminded Members of the different types of indicators reported, Tracker indicators and Target indicators. Members were reminded of the drafting of the 2013/14 indicator set and 4 year targets and of the Overview and Scrutiny Management Board workshop held 14 March 2013 that fed into this process, the key outcomes being set out at Appendix 5 to the agenda report.

Councillors noted that some of the key achievements in Quarter 4 included non-decency levels for Council properties being ahead of target; the number of empty properties being brought back into use exceeding target; and good progress being made in respect of major planning applications determined within 13 weeks, an increase from 68.8% in Quarter 1 to a year end outturn of 75.6%. The Committee learned that there had been 188 apprenticeships starts on the Council's apprenticeship scheme over the year, with 169 currently on the scheme. It was added that there were 130 apprenticeship starts scheduled for the period up to January 2014 via the Council's scheme.

It was added that key performance issues going forward included: occupancy levels of council owned factories and business support centre floor space; and Council Plan actions, including physical improvements to Clifford Road, Stanley and the County Durham Plan (CDP) completion being revised from July 2014 to December 2014. Members noted the Tracker Indicators set out within the report including: the decline in the employment rate, albeit with a slight decrease in the number of Job Seekers Allowance (JSA) claimants aged 18-24; and a slight fall in the use of the Park and Ride facility, thought to be a consequence of particularly unseasonal weather coupled with a relative reduction in use during the period the Lumiere event would have taken place. It was added that there had been a sharp rise in the number of homelessness presentations; however the number of homelessness applications had decreased from Quarter 3, although there was a slight increase on the same period last year. The Performance and Improvement Team Leader added that the Housing Solutions Team had successfully worked in partnership with the Housing Temporary Accommodation Support Services (HTASS) in reducing the number of people who were homeless and requiring emergency accommodation. The Committee were reminded that the key risks to the objectives of the Altogether Wealthier theme were the potential impact if repairs to the Seaham North Pier were not undertaken and the ongoing impact of Welfare Reform.

The Chairman thanked the Performance and Improvement Team Leader and asked Members for their questions.

Members asked questions in relation to child poverty statistics for the County, which Housing bodies performance figures were reported to Committee; the definition of "affordable units"; the use of bed and breakfast hotels for emergency accommodation for those presenting as homeless; potential changes to concessionary fares; the continued decrease in the employment rate; and the Council's apprenticeship scheme.

The Performance and Improvement Team Leader noted that Government were in the process of redefining “child poverty” and the Council would continue to monitor this issue, in context with Welfare Reform changes.

Members noted that in relation to Housing, there were 3 housing organisations which managed the housing stock for Durham County Council: Durham City Homes (DCH), an in-house management organisation; and Dale and Valley Homes (DVH) and East Durham Homes (EDH), both of which were arms-length management organisations (ALMOs). It was noted that therefore the performance figures for those 3 organisations were presented to Committee as a matter of course, with other former Council Housing Associations such as Livin (formerly Sedgefield Borough Council), Cestria (formerly Chester-le-Street District Council) and Derwentside Homes (formerly Derwentside District Council) having become Associations in their own right via large scale voluntary transfer (LSVTs). The Head of Strategy, Programmes and Performance, Andy Palmer added that figures of these associations could be looked at for information, and Councillor J Armstrong reminded the Committee that DCC Councillors were on the Boards of these associations and other Registered Social Landlords (RSLs).

The Performance and Improvement Team Leader explained that there was a national definition of a number of products under the term “affordable” which included shared equity, homebuy and rental in respect of social housing with Members being able to be given further details upon request. In respect of Housing Solutions and emergency accommodation it was noted that this was monitored closely at a service level and Bed and Breakfast accommodation was only ever used as a last resort and on a temporary basis, until other accommodation became available. The Head of Strategy, Programmes and Performance added that there had been increased focus on the issue of homelessness, especially in light of the impact of Welfare Reform, and the area would be monitored and investment made as appropriate as it was a key priority.

In respect of potential changes to concessionary fares, The Head of Strategy, Programmes and Performance noted he had not heard of any changes being made by Government. Councillor J Armstrong noted that more information would be known on this issue, and many others, after the Chancellor made a speech regarding the Comprehensive Spending Review (CSR) later in the week (Wednesday, 26 June 2013).

The Head of Strategy, Programmes and Performance shared Members concern with the decrease in the employment rate and noted that it was a key indicator for the County Durham Economic Partnership (CDEP). Members were informed that the figure 4 years ago was equivalent to the then national average and that the North East was the fastest growing region at that time. The Committee noted that actions being undertaken to try and improve the situation included supporting local businesses; the review of business support that had led to the creation of Business Durham (the amalgamation of the County Durham Development Company and DCC’s in-house Business Support section); and offered help to large companies looking to expand. Councillors were informed that if each business in County Durham took on one extra employee, then unemployment would be zero. The Head of Strategy, Programmes and Performance noted that there was work with the Enterprise Agencies as regards apprenticeships and through the Area Action Partnerships (AAPs), though it was added that there was considerable less funding available with the loss of programmes such as the Working Neighbourhood Fund (WNF) and the Regional Development Agency One North East (ONE).

Members noted the improvement in respect of the number of young people 18-24 in receipt of JSA and noted that this was an important trend to try and maintain.

Resolved:

That the report be noted.

7 Update on Masterplans

The Chairman introduced the Regeneration Projects Manager, Chris Myers who was in attendance to speak to Members in relation to Regeneration Masterplans for County Durham (for copy see file of minutes).

The Regeneration Projects Manager explained the strategic context of the Masterplans, noting that the aims were to coordinate and focus regeneration activities and input into the delivery of the Local Plan and Infrastructure Delivery Plan. Members noted that this also included engagement with partners, stakeholders and the community to then take forward proposals with investors, developers and land owners. It was added that it was important to raise the profile of the Masterplan centres. The Committee were reminded that the development of Masterplans was evidence based and in the context of the DCC corporate Regeneration Statement with a focus on the Regeneration and Economic Development (RED) Capital Programme whilst considering partner activity, public and private sectors within localities.

Councillors noted that of the 12 Masterplans, 5 remained to be completed, with Durham City scheduled to be considered by Cabinet in September, the remaining four: Newton Aycliffe; Peterlee; Shildon; and Spennymoor to be considered in December. The Regeneration Projects Manager referred Members to several recent examples of delivery including:

- The Witham, Barnard Castle – following the closure of Teesdale House, includes 2 listed buildings, a 250 capacity Victorian music hall being brought back into use, with 5 business units in addition, all of which are let
- Stanley – improvements to buildings
- Seaham North Dock – a new building housing the lifeboat, new businesses, and 77 berths, 24 let so far
- Consett – improvement to the public realm
- Auckland Castle – phase one attracted £1Million of Heritage Lottery Funding (HLF), with the possibility of £8 Million HLF over 2 years if bids were successful. Members noted several schemes outside of this funding at the location, attracting an amount of private sector investment
- Durham City – improvements to access along Dun Cow Lane in advance of the Lindisfarne Gospels being on display at Durham University. 150 year old cobbles were replaced to a high standard; progress was 2m² per day.

The Chairman thanked the Regeneration Projects Manager and asked Members for their questions.

Members noted issues in relation to: Masterplans in the context of the CDP; impact of out of town shopping centres on traditional town centres, the sequential test in planning; development at Bishop Auckland, to maximise the impact of visitors to the Castle; how “principal towns” had been defined; any possible detriment to “non-principal towns”; and how AAPs and the public had been consulted and engaged with in relation to Masterplans.

The Regeneration Projects Manager explained that the Masterplans had indeed been considered within the context of the CDP and that the impact of out of town developments was a more general issue than just for County Durham. It was added that looking at evidence of vacancy levels, working with businesses to improve, and drawing more visitors into town centres via other means, such as tourism, could help. Councillors noted that sequential planning in terms of developing in town centres first was still in place and that a number of developments that have gone ahead had been approved against Officer recommendations. The Committee were informed that issues with development at Bondgate in Bishop Auckland were being looked by DCC and the Developer, and the Regeneration Projects Manager noted that The Raven Hill site was on the market. Councillors were informed that the definition of the principal towns came from a Settlement Study approximately a year ago, and there was no marginalisation of other settlements with works for those settlements being within the capital programme. Members were reassured that the management boards of the AAPs were consulted together with key individuals.

Resolved:

- (i) That the report be noted.
- (ii) That a further update be provided to the Committee at its meeting on 9 December 2013.

8 Update on the Work of the County Durham Economic Partnership

The Chairman introduced the Vice-Chair of the County Durham Economic Partnership (CDEP), Sue Parkinson who was in attendance to speak to Members in relation to the work of the CDEP (for copy see file of minutes).

The Vice-Chair, CDEP thanked Members for the opportunity to speak to Committee and referred to the broader economic picture, noting the national economy having a Gross Domestic Product (GDP) growth of only 0.5% on average since 2010. It was explained that the Government approach was to rebalance the economy with a reduction in public sector jobs and an increase in private sector jobs, with headline figures nationally being 1.25 million private sector jobs having been created, and 1 Million public sector jobs being cut. The Committee were informed that in many cases the private sector jobs replacing those lost in the public sector were not equivalent in terms of either pay, hours, conditions (such as flexible working) or all three and also that the replacement private sector jobs were not equally spread across the country. Councillors noted that whilst there had been a recent and welcome reduction in the number of JSA claimants 18-24, the total number of JSA claimants for County Durham had increased by around 65% since April 2006. The Vice-Chair, CDEP explained that the numbers of people in receipt of JSA for 1 year or more had increased and that around a third of the working age population was not in work.

Members were informed that there were labour cuts of around 10% since 2009 and this, in conjunction with Welfare Reform changes, meant an average reduction of £550 per working age adult per year, money that would not be available for the local economy.

In relation to partners, the Vice-Chair, CDEP noted that the voluntary and community sector (VCS) constituted a substantial part of the economy, with 77% of those reporting increases in the number of beneficiaries of their services, with peoples' ability to cope deteriorating. The Committee noted that there had been considerable changes in the retail sector with many high street shops having closed due to out of town facilities or in some cases a larger collapse of a company. It was added that a reduction in the contracts available via public sector procurement was also having an effect and local small businesses, such as butchers and newsagents, had noted a decrease in their takings.

The Vice-Chair, CDEP did note however that there were several areas that presented delivery opportunities:

- Sign up by the CDEP to the DCC Regeneration Statement and Policy Setting, vibrant Durham City, vibrant and successful towns, competitive and successful people, sustainable neighbourhoods and rural communities and a top location for business.
- Local Enterprise Partnerships (LEPs).
- European Funding, with Government support in the form of the Heseltine Review and noting the new funding round (NUTS II), with £450 million being available over the next few years, Durham having been designated with a Transitional status, enabling additional funding support.
- Less match funding, there would be a need to be flexible and focused to maximise opportunities for business and infrastructure.
- Joint Working, Targeted Recruitment and Training (TRT), looking to have investment within the County on goods and services accessed by the Authority.
- Social Enterprises, such as Social Housing Enterprise Durham (SHED), helping to provide work for the long term unemployed while transforming the local area.
- Tourism and Culture, the visitor economy being worth around £740 Million annually for County Durham, with a growing programme of events, the Miners' Gala, Durham Regatta, Lumiere, Lindisfarne Gospels, Brass Festival, Book Festival and Bishop Auckland Food Festival, noting that there was also value to the economy in the supply chain, another opportunity to source locally.
- Durham Business Improvement District (BID), the logo designed by a local "cultural business".
- Rural perspective, with the Rural Growth Fund providing funding for a pilot scheme for rural County Durham, Gateshead and Northumberland supporting rural areas by creating 53 enterprise units, aiming for 300 jobs by March 2015.

The Chairman thanked the Vice-Chair, CDEP and noted the challenges faced by all those working in partnership, to maximise the opportunities to help improve the economy in County Durham. Members noted that as many of them were new to the Committee, there may be value in having a session giving further information as regards the makeup and the mechanics/dynamics of the CDEP.

Resolved:

- (i) That the report be noted.

- (ii) That as part of the refresh of the work programme for the Economy and Enterprise Overview and Scrutiny Committee an overview on the County Durham Economic Partnership is provided at a future meeting.

9 Improving Economic Governance in the North East Local Enterprise Partnership (LEP) Area and North East Independent Economic Review Findings

The Chairman introduced the Spatial Policy Team Leader, Maria Antoniou who was in attendance to speak to Members in relation to improving economic governance in the North East LEP area and the findings of the North East Independent Economic Review (for copy see file of minutes).

The Spatial Policy Team Leader thanked Members for the opportunity to speak to the Committee and explained that the North East LEP was established in January 2011, a partnerships of Local Authorities, businesses, universities, colleges and the voluntary and community sector. The Committee noted the aims of the LEP were to create growth and noted that the LEP included Northumberland, Tyne and Wear and Durham with Tees Valley represented by its own LEP, Tees Valley Unlimited. Members noted that the key role of the North East LEP was in taking on a strategic lead, and that activities included: Enterprise Zones; Growing Places Fund; Regional Growth Fund Infrastructure Pot; and the commissioning of the North East Independent Economic Review (NEIER).

Councillors noted that the NEIER report was published in April 2013 setting out that creating “more and better jobs” was at the heart of the agenda for the area’s economy, and that there were 14 overarching recommendations from the report focussing on access to finance, innovation; inward investment; transport, skills; apprenticeships; strengthened governance and institutional capacity. The Spatial Policy Team Leader explained that the LA7 Leadership Board was established in 2012, to build on the successful track record of partnership working, and comprised the 7 Local Authorities Leaders and Elected Mayor (Durham; Gateshead; Newcastle; North Tyneside; Northumberland; South Tyneside; and Sunderland). Members noted that a Governance Review had several findings that built upon the LA7 statement of intent and that it should be for constituent Local Authorities to build “from the bottom up”, with a draft scheme addressing the findings in order to strengthen current arrangements. The Spatial Policy Team Leader noted that this set out the legal basis for a statutory body, a Combined Authority (CA), with a LA7 CA initially to focus on economic growth, transport and skills.

The Committee were asked to note what a CA was, a formal structure to lead on collaboration on activities that delivered collectively to drive growth and to combine strategic transport planning with wider economic growth objectives. It was added that a CA was a legally independent and accountable body which enabled collaboration between Local Authorities, and it was not imposed, rather it was voluntary for Local Authorities. Members were reminded that a Statutory Order was required to established a CA; Government’s agreement would be required should there be a wish to dissolve a CA, and the CA would be visible, accountable and transparent requiring audit and scrutiny arrangements.

The Spatial Policy Team Leader noted that it was also important to understand what a CA was not, for example it was: not a local government reorganisation, merger or takeover of Local Authorities; not about Local Authorities relinquishing powers; not replacing the LEP; and not a replacement for the roles of individual Local Authorities.

Councillors noted that the Governance Review had set out the reasons why collaborative working would be beneficial, in creating strong and increasing integration across labour and housing markets and key sectors. The Committee noted that there was a need for “institutional capacity” across the area to be able to take on devolved powers and responsibilities and to provide “a voice” for the area. Members noted the need for: a simplification of the skills system, strategic coordination with employers, providers and learners; coordination to unlock further untapped potential for inward investment; and coordination on integrated transport and investment, with links to the wider economic development objectives.

The Spatial Policy Team Leader explained that the CA would aim to deliver a joined up approach to funding and a coordinated structure for skills collaboration, underpinned by economic and labour market intelligence. Members noted that employers would be placed at the centre of a simplified skills system and an Investment Gateway would be established, together with coordinated promotion of the area. The Committee were informed that the draft scheme was the basis for forming the new statutory body and set out the constitutional and operating arrangements of the CA, areas such as scope, membership, voting and scrutiny arrangements. It was added that the draft scheme would also set out the functions of the CA with the practical arrangements of how Local Authorities and partners work would be developed over the next few months. Councillors noted that the next steps were for the individual Cabinets of the constituent Local Authorities to consider the CA scheme, 1.30pm, 24 June 2013, then to be considered by each Local Authorities’ meeting of Council in July, with the CA scheme to be submitted to the Secretary of State by 31 July 2013. It was noted that this would then lead to consultation moving towards the establishment of the CA on 1 April 2014.

The Chairman thanked the Spatial Policy Team Leader and noted that mention of scrutiny arrangements for a CA was welcomed, and that the CA would add democratic legitimacy to the LEP. It was noted that the Chair of Overview and Scrutiny, Councillor J Armstrong would be attending a Scrutiny Network meeting next week where this issue was being considered.

Members noted that the term “Combined Authority” was an unfortunate term and could lead to some confusion, however, Councillors noted that it was important that Durham made its position clear from the start, with Durham being the largest Local Authority involved and therefore should have appropriate standing within the CA. Members also noted that it was important to appreciate that some areas of County Durham would be more economically linked to the Tees Valley LEP and that care should be taken not to overlook this. Councillors also noted concerns with falls in applications to Further and Higher Education, albeit with rises in apprenticeships applications, and asked whether there was a danger of higher skilled people displacing others from apprenticeship opportunities, presenting a possible skills gap, for example in the manufacturing sector, should those higher skilled people choose to move on to another job sector in the future.

It was suggested by the Chair that the committee receives as part of the refresh of the work programme further updates on the development of the CA.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That as part of the refresh of the work programme for the Economy and Enterprise Overview and Scrutiny Committee an update on the development of the Combined Authority is provided at a future meeting.

10 Refresh of the Work Programme for the Economy and Enterprise Overview and Scrutiny Committee

The Chair introduced the Principal Overview and Scrutiny Officer, Stephen Gwilym and the Overview and Scrutiny Officer, Diane Close who were in attendance to speak to Members as regards the Refresh of the Work Programme for the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The Principal Overview and Scrutiny Officer thanked the Chair and reminded Members of the report that had been considered by the Committee, 5 April 2013 and an induction session for the Committee, 18 June 2013 where issues relating to the Work Programme for the Committee had been discussed. Members noted that the Work Programme had been refreshed in order to reflect the actions identified within the Council Plan 2013-2017 for the Altogether Wealthier priority theme, and also to reflect Cabinet's Notice of Key Decisions, the Sustainable Communities Strategy, Partnership plans and strategies, performance information and changes in Government legislation.

The Committee noted that an in-depth review, via a Member Reference Group, was looking at the Impact of Public Sector funding changes on the Economy of County Durham, and that there would be a series of systematic reviews updating Members on progress of previous scrutiny topics. Councillors were reminded that in addition to the review activities, there would be series of overview presentations on various issues relevant to the Committee as well as bespoke activities as required. The Principal Overview and Scrutiny Officer noted that issues already incorporated into the Work Programme included: Business Support; Affordable Homes; review of the performance data from the ALMOs; Skills Development; Apprenticeships; the LEP and CA; and that the issue as regards further information on the CDEP would also be incorporated accordingly. Members noted that the Work Programme was based on the next 12-24 months, although information from the Government's CSR may necessitate a process of reprioritisation of issues.

The Overview and Scrutiny Officer informed Members of an Overview and Scrutiny Workshop to be held in November as regards the CDP; an update would be given to Members by the Chief Executive of Visit County Durham, Melanie Sensicle on Tourism; and the new Managing Director of Business Durham would attend Committee and give an update as regards ongoing work and inward investment.

Councillors noted that there would be the systematic review of several previous scrutiny reviews, including “Increasing Young People’s Employment Opportunities (18-24) in County Durham” issues of apprenticeships, what DCC and partners are doing, travel and the apprenticeship and skills programmes.

The Chairman thanked the Principal Overview and Scrutiny Officer and the Overview and Scrutiny Officer and asked Members for their questions.

Councillors noted issues of Business Start-ups; the Markets Strategy and governance of markets; the Business Improvement District for Durham; inward investment and local procurement; Child Poverty; the Stock Options Appraisal (SOA) project, including the impact of Welfare Reform on families’ quality of life; and the Adult Learning Strategy.

Councillor J Armstrong noted that Overview and Scrutiny Management Board would be looking at the broader scope of Welfare Reform and the Principal Overview and Scrutiny Officer noted that an update on the Adult Learning Strategy was scheduled for the September meeting of the Committee.

Resolved:

That the report and information contained within Appendix 2 to the report be agreed with the addition of an overview on the County Durham Economic Partnership and further updates on the development of the Combined Authority.

11 Minutes of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 13 May 2013 were received by the Committee for information.