



## **Special Economy and Enterprise Overview and Scrutiny Committee**

**Date**            **Monday 27 January 2014**  
**Time**            **9.30 am**  
**Venue**          **Committee Room 2, County Hall, Durham**

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### **Business**

#### **Part A**

**Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.**

1. Apologies for Absence
2. Substitute Members
3. Declarations of Interest, if any
4. Items from Co-opted Members or Interested Parties, if any
5. Youth Employment Initiative - Overview: (Pages 1 - 6)
  - (i) Joint Report of the Assistant Chief Executive and Corporate Director of Children and Adult Services.
  - (ii) Presentation by the Strategic Manager, Progression and Learning, Children and Adults Services.
6. Digital Durham - Overview: (Pages 7 - 10)

Report of the Corporate Director, Resources - presented by the Head of ICT, Resources.
7. Masterplans - Update: (Pages 11 - 14)
  - (i) Joint Report of the Assistant Chief Executive and Corporate Director of Regeneration and Economic Development.
  - (ii) Presentation by the Community Economic Development Manager and Regeneration Projects Manager, Regeneration and Economic Development.
8. Skills Development - Overview: (Pages 15 - 18)
  - (i) Joint Report of the Assistant Chief Executive and Corporate Director of Regeneration and Economic Development.
  - (ii) Presentation by the Employability Manager, Regeneration and Economic Development.

9. Combined Authority - Consultation: (Pages 19 - 24)  
Report of the Assistant Chief Executive.
10. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

**Colette Longbottom**  
Head of Legal and Democratic Services

County Hall  
Durham  
17 January 2014

To: **The Members of the Economy and Enterprise Overview and Scrutiny Committee:**

Councillor R Crute (Chairman)  
Councillor A Batey (Vice-Chairman)

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

**Co-opted Members:**

Mr T Batson, Mrs O Brown, Mr A Kitching, Mr P Robson and Mr JB Walker

**Economy and Enterprise  
Overview and Scrutiny  
Committee**



**27 January 2014**

**Youth Employment Initiative**

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**Joint Report of Lorraine O'Donnell, Assistant Chief Executive  
and Rachael Shimmin, Corporate Director Children and Adult  
Services**

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**Purpose of the Report**

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the Youth Employment Initiative (YEI) prior to the overview presentation by Linda Bailey, Strategic Manager, Progression and Learning

**Background**

- 2 Members will recall that at the Economy and Enterprise Overview and Scrutiny Committee on the 24 June 2013 the work programme of the committee was agreed which identified as a future item for consideration by the committee an overview of the EU funding programme 2014-2020. At a special meeting of the Committee held on the 10 September 2013 an overview presentation was provided to members which included information on the value of the funding, timescales, core themes, activity currently undertaken, emerging investments.
- 3 It was highlighted during the presentation that the first strand of EU funding available to be accessed related to the Youth Employment Initiative consisting of €9 million to Durham for 2014 to 2018 which is aligned to €9 million European Social Fund allocation with a requirement to match the ESF allocation of €6 million. It is understood that the Youth Employment Initiative will need to be committed by 2015 with spend finishing in 2018. It was therefore considered timely that the Economy and Enterprise Overview and Scrutiny Committee receives an overview presentation on the Initiative at the meeting on the 22 January 2014. The presentation will focus on the following:
  - Purpose of the YEI
  - Funding and Timescales
  - Activities
  - Next Steps

## Youth Employment Initiative – Funding allocation

- 4 The European Council has decided to give a very high priority to tackling youth unemployment. In January 2013, the European Council decided to create a Youth Employment Initiative (YEI) to provide additional funding to reinforce support available through the European Social Fund (ESF) in 2014-2020. The YEI is worth €6billion across the European Union, of which €3 billion is additional money provided through a dedicated youth employment line, and €3 billion is ESF money which will be ring-fenced within Member States structural fund allocations.
- 5 The Funds will be targeted at NUTS 2 regions (typically large counties or groups of smaller counties) with youth unemployment rates above 25% in 2012. Five NUTS 2 regions will be eligible in the UK: Inner London, Merseyside, Tees Valley & Durham, West Midlands, and South West Scotland. At least 90% of the UK's allocation will need to be spent in these regions.
- 6 Provisional estimated additional allocations have been given to Local Enterprise Partnerships (LEPs) that cover areas eligible for the Youth Employment Initiative however the allocations will only be confirmed after agreement on the 2014-2020 EU budget and the adoption of the 2014-2020 regulations which is expected by the end of 2013.
- 7 LEPs will need to match an equivalent amount of European Social Fund (ESF) money to the YEI allocation to support activities to tackle youth unemployment. The YEI and equivalent ESF money must be spent only in the eligible NUTS 2 regions identified above.
- 8 The provisional allocations are based on the following:
  - The European Council in February 2013 decided to allocate the YEI to NUTS 2 regions with Youth unemployment rates above 25% in 2012.
  - Eurostat published data on youth unemployment on the 22<sup>nd</sup> May, 2013 which indicated that five UK NUTS 2 regions would be eligible: Inner London, Merseyside, Tees Valley & Durham, West Midlands and South West Scotland.
  - The European commission has proposed that up to 10% of each member State's YEI allocation could be used in other areas with high levels of youth unemployment. This has still to be finally agreed.
  - In the case of Tees Valley and Durham and the west Midlands which are covered by more than one LEP, the YEI allocation has been divided between LEPs on the basis of the number of unemployed people aged 16-24 in each LEP area.

- 9 In June 2013, the European Council decided to accelerate the implementation of the YEI and front-load allocations in 2014 and 2015. This means that YEI money and the equivalent amount of match ESF money will need to be committed in 2014 and 2015. The European Commission has proposed that 56.66% is committed in 2014 and 43.33% is committed in 2015. Funds will need to have been spent and claimed from the European Commission within the period 2014-2018.
- 10 The front-loading of the YEI money and the equivalent ESF will have implications for the LEP strategies, especially for 2014 and 2015. LEPs will need to allocate a significant amount of their structural funds allocations as ESF funding for youth employment in order to provide the equivalent amount of ESF to match the additional YEI money. There will therefore be a significant focus on youth employment in the early years of the LEP strategy.

### **Youth Employment Initiative - activities**

- 11 The Government believes that there should not be a single model for the activity that the Youth Employment Initiative (YEI) will fund. Instead how it is used should take account of existing provision and needs in each area. There will be flexibility to support the most effective interventions that complement and enhance existing provision. Local Enterprise Partnerships which cover areas eligible for the YEI should propose how the YEI and equivalent ESF money should be used to tackle youth unemployment in their areas alongside existing Government provision.
- 12 To comply with EU regulations, activities will need to target young people aged 15-24, in particular those not in employment, education or training. Participants should be residing in regions eligible for the YEI and should be inactive or unemployed.
- 13 The Youth Employment Initiative and equivalent ESF money will fall under the thematic objective on 'promoting employment and labour mobility'. Within this objective it will fall, subject to the outcome of EU negotiations, within a dedicated investment priority on 'sustainable integration into the labour market of young people (aged 15-24) not in employment, education or training'.
- 14 The supplementary guidance to LEPs sets out activities to consider under each thematic objective. The following activities under the employment objective are particularly relevant to the YEI, and should be considered by LEPs:
  - Reducing the number of young people not in employment, education, or training, and those at risk of disengaging (including through engagement and preparation activities, access to apprenticeships, and personal coaching).
  - Additional literacy and numeracy provision for young people.

- Additional and innovative approaches to support and motivate young people with no or few qualifications into training and the workplace such as additional support that harder to reach young people will require to successfully complete a traineeship or apprenticeship.
- Innovative programmes for marginalised groups to help bring them to and support them in learning, such as new training programmes and support for young lone parents, carers, ex-offenders and people with disabilities or health barriers.
- Providing support to embed programmes for young people not in employment, education or training, such as traineeships and apprenticeships.
- Brokering opportunities for young people and supporting local employers to take on young people who are not in employment, education, or training (including those with complex barriers), including through traineeships, apprenticeships, work experience and graduate placements.

15 Activities to support young unemployed people can build on and/or add value to existing programmes in order to maximise their impact or they can take new approaches to tackling the problems. LEPs should also consider the following activities which build on those in the supplementary guidance to LEPs.

- Skills support for apprenticeships (but not direct funding of training or wage costs) and traineeships - including improvements to the recruitment, assessment and facilities for training and activities to ensure young unemployed people see these activities as a route out of unemployment.
- Supporting disadvantaged young people to undertake a traineeship through additional support beyond the core elements of training (work preparation, English and maths) and work experience. These should increase uptake of disadvantaged young people (e.g. dedicated marketing or outreach work) or support individuals to remain on the programme (e.g. mentoring, or payment of trainees' costs, such as transport and subsistence).
- Additional and innovative approaches to training for the unemployed, including marginalised groups, to help bring them to and support them in learning and developing employability skills. Consideration could be given in particular to those young unemployed furthest from the labour market who might not be suitable for an apprenticeship or traineeship – for example those with multiple complex problems and few skills or qualifications.
- Additional or innovative approaches to training in a vocational context for those with low level skills in Maths, English and ICT, to support them in finding work or progressing in work; and to enable them to achieve vocational qualifications.

- Support for activities to bring young unemployed people back to or towards more formal learning. This might build on existing community learning projects or other projects to help young people who are disengaged, lacking in confidence or need help with direction or practical steps to undertake skills activity that will help them take steps in the right direction. This could include groups such as lone parents, care leavers, ex-offenders, the homeless or those with learning difficulties or disabilities.

## **Recommendations**

- 17 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided during the presentation.
- 18 That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the Youth Employment Initiative within County Durham at a future meeting of the Committee.

## **Background Papers**

- Economy and Enterprise OSC – 10 September 2013- Report and presentation on
- EU Structural and Investment Funding programme 2014-2020.
- Briefing Note from CAS providing background in relation to the Youth Employment Initiative.

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## **Appendix 1: Implications**

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**Finance** – None

**Staffing** –None

**Risk** – None

**Equality and Diversity** – None

**Accommodation** - None

**Crime and Disorder** – None

**Human Rights** – None

**Consultation** – None.

**Procurement** – None

**Disability Discrimination Act** –None

**Legal Implications** – None



## Economy and Enterprise Overview and Scrutiny Committee

27 January 2014



### Digital Durham Programme

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## Report of Don McClure, Corporate Director Resources

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### Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with an overview of the Digital Durham Programme.

### Background

- 2 The Digital Durham Programme aims to provide superfast broadband to all businesses, homes and communities across the County.
- 3 Based on the outcome of the procurement process and completion of the programme, 96% of premises in Durham will have access to a superfast broadband (in excess of 24 megabits per second mbps) while 98% will have access to a fibre broadband service (Next Generation Access NGA).
- 4 Services will be sustainable and provided by retail Internet Service Providers (BT, Sky, Talk Talk etc.) at the same rates that are provided across the country.
- 5 All remaining premises in the County will have access to a minimum service of 2mbps and the programme will continue to try and improve this service level.

### Digital Durham Programme

- 6 The Programme includes Gateshead, Sunderland, and 5 Tees Valley Councils with Durham taking the lead.
- 7 Primarily superfast broadband services will be available from new fibre enabled cabinets (fibre to the cabinet, or FTTC) which are linked to the existing copper cabinets which provide telephone services.
- 8 There are 9 phases in the deployment plan (build programme) commencing April 2014 and ending September 2016.
- 9 The first fibre cabinet in the programme just off Durham Marketplace is live and was officially launched on 17 December.2013.

- 10 22 cabinets in the first phase were surveyed in December and progressing to build, 31 cabinets are to be surveyed in January 2014 (in Cockfield, Sacriston, Shildon, Staindrop and Willington exchanges areas). A further 82 cabinets are to be surveyed by the end of March 2014.
- 11 The Programme is actively involved in digital inclusion and demand stimulation activities and is:
  - a. Working with BT to develop a programme of activities around individual cabinet deployment.
  - b. A Go On North East member.
  - c. Started digital inclusion training with Neighbourhood Services staff.
  - d. Working with Business Durham to look at a programme of work relating to business engagement and take up on business parks.
  - e. Working with town centre managers to investigate how digital can regenerate our town centres.
- 12 The Programme is seeking additional funding for Teesdale and Weardale from Rural Community Broadband Fund and the final application has to be with DEFRA by 28 February 2014.
- 13 The Programme Team has submitted a digital inclusion project as part of the new ERDF programme (2014-2020) and has attended a number of internal meetings to ensure the proposed ERDF project is aligned with other potential ERDF funded projects.
- 14 Broadband Delivery UK (BDUK)/Department for Culture, Media and Sport (DCMS) still have a further £250m to allocate to local programmes and the Digital Durham Team are awaiting further guidance from central government to see if additional funding can be obtained to address the premises which will still have poor broadband provision even after the current programme has finished.

### **Recommendations**

- 15 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided at the meeting on the 27 January 2014.
- 16 That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the Digital Durham programme at a future meeting of the Committee.

### **Background papers:**

Digital Durham tender documentation, BT bid response, BT Openreach Deployment Plan.

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## **Appendix 1: Implications**

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**Finance** – None

**Staffing** –None

**Risk** – None

**Equality and Diversity** – None

**Accommodation** - None

**Crime and Disorder** – None

**Human Rights** – None

**Consultation** – None.

**Procurement** – None

**Disability Discrimination Act** –None

**Legal Implications** – None

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**Economy and Enterprise  
Overview and Scrutiny  
Committee**



**27 January 2014**

**Update on Masterplans for  
County Durham**

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**Joint Report of Lorraine O'Donnell, Assistant Chief Executive  
and Ian Thompson, Corporate Director, Regeneration and  
Economic Development**

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**Purpose of the Report**

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the development of Masterplans within County Durham prior to the presentation.

**Background**

- 2 At the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on the 19 November 2012 an update was provided to members on the development of the various Masterplans within County Durham. It was requested at that meeting by Members that as part of the refresh of the work programme for 2013-2015 that the Committee continue to receive future updates on the progress of the various Masterplans for principal towns across the County.
- 3 It was therefore considered timely that an update be provided by Officers from the Economic Development and Housing Service at the meeting on the 24<sup>th</sup> June, 2013 prior to Cabinet considering a series of regeneration Masterplan reports in September. The presentation at the meeting focused on the strategic context, progress in relation to the development of the Masterplan process, information on the consultation exercise together with examples of various projects.
- 5 Arrangements have been made for Chris Myers, Regeneration Projects Manager and Wendy Benson, Community Economic Development Manager to attend the meeting on the 27 January 2014 and deliver a presentation focusing on recent and emerging delivery activity across the 11 principal towns across the County.

**Masterplans**

- 6 Masterplans provide the detailed programme of activity that is taking place or is planned by the Council and partners in principal towns across the County. They provide the strategic context to delivery and seek to establish key principles to co-ordinate and guide regeneration activity and investment decisions.

## **Strategic context**

- 7 Masterplans are prepared at a town centre or settlement level and are developed to provide detail on current or proposed activity. They are designed to supplement the information provided through the planning framework and can provide an opportunity to ensure the effective alignment of services or investment by the Council and its partners at a local level. This can include town centre improvement budgets, highways and local transport investment and alignment of the Council's accommodation and customer services approaches.
- 8 The development and adoption of masterplans provides an opportunity to challenge, prioritise and channel resources to the most appropriate locations and ensure that requirements and opportunities are resourced appropriately. This has become particularly relevant given the ongoing pressures on public finances and the relatively weak private development sector.

## **Developing and delivering masterplans**

- 9 All masterplans produced follow a similar format and are developed using a multi-disciplinary group of staff driven by the Regeneration and Economic Development (RED) service grouping which typically included Planning, Economic Development, Housing and Transport colleagues and depending on the location other service areas or partner organisations may input throughout the process.
- 10 The Cabinet reports included a detailed consultation log of the external individuals, groups and organisations that fed their thoughts into the document. A key element of this consultation relates to the relevant Area Action Partnerships, many of which have identified or retain task and finish groups looking at the main centres.

## **Update on the development of masterplans**

- 11 Regeneration Masterplans have now been prepared for each of the County's principal Towns.

## **Next steps**

- 12 Officers will seek resources through the Capital Programme to implement the various projects outlined in the Masterplan documents. All Masterplans are considered to be "live" documents. Officers will evaluate the implementation of the Masterplans and will update them where required.

## **Recommendations**

- 13 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided during the presentation.

## **Background Papers**

Economy and Enterprise Overview and Scrutiny report – Masterplans for County Durham – 19<sup>th</sup> November, 2012

Economy and Enterprise Overview and Scrutiny report – Masterplans for County Durham – 24<sup>th</sup> June, 2013

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## **Appendix 1: Implications**

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**Finance** – Each masterplan contains a detailed delivery plan with identified costs across Council services.

**Staffing** – None.

**Risk** – Detailed risk assessments will be undertaken for each development project.

**Equality and Diversity** – Each masterplan is subject to an Equality Impact Assessment. Further, more detailed work will be identified and addressed on an individual project basis.

**Accommodation** – Accommodation issues will be identified on an individual basis.

**Crime and Disorder** - None

**Human Rights** - None

**Consultation** – Appropriate consultation has taken place in relation to the various masterplans within the County, typically utilising Area Action Partnership structures.

**Procurement** - None

**Disability Discrimination Act** - None

**Legal Implications** – The masterplan documents will provide evidence to support the County Durham Plan but it will not have any statutory weight in the planning process.



**Economy and Enterprise  
Overview and Scrutiny Committee**

**27 January 2014**



**Skills Development in County  
Durham**

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**Joint Report of Lorraine O'Donnell, Assistant Chief Executive,  
and Ian Thompson, Corporate Director of Regeneration and  
Economic Development**

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**Purpose of the Report**

1. The purpose of the report is to provide Members of the Economy and Enterprise Overview and Scrutiny Committee with an update on skills development in County Durham highlighting issues, opportunities and priorities for 2014. The presentation will be given by Graham Wood, Economic Development Manager, Regeneration and Economic Development Service.

**Background**

2. The key driver to stimulate an economic renaissance within the county is the employment rate, for improving this will increase levels of disposable income, increase the number of businesses, and should, as a result, begin to reduce the chronic levels of relative deprivation. As a county we need to aim to achieve an increase of 30,000 jobs over the next 20 years, through business growth, inward investment and business creation. It is also important that we continue to invest in people through skills development and by supporting our residents to access and maintain employment opportunities.
3. In 2008, Economy and Enterprise Overview and Scrutiny Committee carried out a review on Skills Development. This review highlighted that there was a need to build the skills of the workforce and the need to raise aspirations, participation and attainment.
4. A further piece of work by the committee was carried out in 2012 which focused on Increasing Young People's Employment Opportunities (18-24). A key issue raised within the review was the need to develop young people's less measurable employability skills via work experience, volunteering and pre-employment.

**Detail**

5. The presentation highlights employment projections for both the UK and the North East over a ten year period (2010 -2020) and stresses key issues such as labour market intelligence, economic confidence and rigid funding mechanisms.

6. It discusses emerging issues for businesses including: the complexity of skills system; the need for a better understanding of future skills needs; how the current skills system delivers transferrable qualifications employers want and the current costs of training.
7. In addition, the presentation emphasises the emerging priority areas for action, which include:
  - Supply side
    - Need to do better on level 3 and level 4 qualifications.
    - Support more effectively tackling the problem of those with no/low qualifications.
  - Demand side
    - Employers need to invest more in skills development.
    - Need to raise overall skills profile.
    - Need to attract and retain high skills/high value jobs.
  - Interconnectivity
    - Need more activity in relation to work experience for young people.
    - Employers need to lead the process for articulating their skills needs.
    - Need for ongoing assessment of performance of skills systems.
8. The presentation then comments on why needs are not being met. In relation to employers they find it difficult to articulate their skill needs, find the current skills system difficult to access with confusion around what is available. Concerning schools they tend to push academic routes more than apprenticeships and vocational routes and give fragmented information advice and guidance. In addition, schools have limited knowledge of emerging sectors and occupations and limited engagement with employers.
9. In addition, the presentation identifies the priorities for 2014 which include:
  - Implementation of school-business engagement action plan.
  - Continue to encourage and facilitate apprenticeship creation.
  - Workforce up skilling.
  - NEETs.
  - Adult Skills Strategy/Community Learning Strategy.

## **Recommendations**

10. Members of the Economy and Enterprise Overview and Scrutiny Committee are requested to note the content of the report and presentation and comment accordingly.

## **Background papers:**

Business, Enterprise and Skills Working Group – presentation and report.

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**Appendix 1: Implications**

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**Finance - None**

**Staffing - None**

**Risk - None**

**Equality and Diversity / Public Sector Equality Duty – None**

**Accommodation - None**

**Crime and Disorder – None**

**Human Rights – None**

**Consultation – None**

**Procurement - None**

**Disability Issues – None**

**Legal Implications – None**

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**Economy and Enterprise  
Overview and Scrutiny Committee**



**27 January 2014**

**North East Leadership Board-  
Secretary of State Statutory  
Consultation on Proposals**

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**Report of Lorraine O'Donnell, Assistant Chief Executive**

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**Purpose of the Report**

1. To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with details of the Overview and Scrutiny response in relation to the Secretary of State Consultation on the proposal to establish a Combined Authority for Durham, Northumberland and Tyne and Wear.

**Background**

2. At the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on the 24 June 2013 Members considered a report and presentation providing an overview on the key findings of the then recently published North East Independent Economic Review (NEIER). In addition, the Committee received background information in relation to the decision of the six Local Authority Leaders and the Elected Mayor in the North East LEP area to embed collaborative working arrangements in a statutory form and improve economic governance within the North East LEP area.
3. As part of the refresh of the Economy and Enterprise Overview and Scrutiny Committees work programme for 2013 – 2015 it was proposed that an update on the development of the new economic governance arrangements and progress on the recommendations in the NEIER be considered by the Committee at the meeting on the 27 February 2014. However, during the discussion of this item of business, members requested that they receive additional updates on a regular basis detailing the progress towards the establishment of a Combined Authority. A further update was considered by the Committee at the meeting on the 10 September 2013 on the next steps towards establishing the North East Leadership Board as a Combined Authority for the area the key messages from the 'Driving Forward Economic Growth Conference' on the 6 September and the process for developing a Strategic Economic Plan for the North East.
4. In addition, the Committee was informed at the Economy and Enterprise Overview and Scrutiny Committee meeting on the 21 October 2013 that a consultation by the Secretary of State on the proposal to establish a Combined Authority for Durham, Northumberland and Tyne and Wear was expected shortly and would be shared with the Committee at the December meeting.

## **Combined Authority**

5. A Combined Authority is a legal structure to lead collaboration between local authorities and enable strategic decision-making on economic growth and transport. They were introduced in the Local Democracy, Economic Development and Construction Act 2009 and are designed to enable groups of local authorities to work closely together to deliver improvements in economic growth and transport across local authority boundaries.
6. Following the agreement by each Local Authority in the North East, a proposal was submitted in July 2013 to the Secretary of State at the Department for Communities and Local Government, to establish a new body, the North East Leadership Board (NELB), as the Combined Authority for the area.
7. The Committee was informed that as part of the legislative process to establish the new body and gain parliamentary approval, the Government must run a consultation to seek views on the proposed Combined Authority and that the consultation would run until the 2 January 2014.

## **Secretary of State Consultation**

8. The consultation requested comments on the proposal to establish a Combined Authority (CA) and included specific questions on:
  - local support for establishing the CA;
  - if the CA will improve the provision of transport, economic development, regeneration in the area and the economic conditions of the area;
  - the impact of the CA on local communities;
  - the constitutional arrangements and functions for the CA; and finally
  - how NELEP and the CA will work together.
9. In relation to the local consultation element, the Committee was informed that a common set of questions would be used to ensure consistency and enable an overall analysis of results. All of these questions would be used for online surveys and would also frame the focus group exercise. Each Local Authority would also hold at least one focus group with the three focus groups in Durham scheduled for the week commencing the 9 December in Durham City, Murton and Crook.
10. All of the information arising from the local and regional consultation activity would be fed into a single consultation report which would accompany the single consultation response from the seven local authorities.

## **Overview and Scrutiny Response**

11. At the Economy and Enterprise Overview and Scrutiny Committee held on the 9 December 2013 there was broad support by the members of the Committee for the principle of the Combined Authority. The following comments were made by members of the Committee in relation to the consultation process and the governance arrangements for the Combined Authority:

### **Consultation process**

- It was felt by the Committee that the consultation period was too short, a very tight timescale for consultation particularly as it included the Christmas and New Year holiday periods.
- Due to the tight national timescale and the timing of the consultation over the Christmas and New Year holiday periods it was felt that this had resulted in a somewhat restricted engagement activity considering the proposed remit of the Combined Authority.

### **Governance arrangement**

- The Committee commented that in relation to the governance arrangements for the Combined Authority, in order to ensure transparency and openness in the decision making process, there needed to be robust and fit for purpose arrangements for scrutiny to ensure accountability.

12. The above response was signed off by the Chair and Vice-chair of the Economy and Enterprise Overview and Scrutiny Committee and the Chair and Vice-chair of the Overview and Scrutiny Management Board prior to it being sent to the appropriate officers within the Regeneration and Economic Development Service Grouping as the Overview and Scrutiny response.

### **Recommendation**

15. The Economy and Enterprise Overview and Scrutiny Committee is asked to receive the report, note its content and endorse the submission as the formal response from Overview and Scrutiny.

### **Background Papers**

Improving Economic Governance in the North East LEP Area and the North East Independent Economic Review Findings - Economy and Enterprise Overview and Scrutiny Committee Report – 24 June 2013.

Improving Economic Governance in the North East Local Enterprise Area – Presentation – 24 June 2013.

Improving Economic Governance in the North East Local Enterprise Partnership Area – 10 September 2013.

Improving Economic Governance in the North East Local Enterprise Area – Presentation – 10 September 2013.

Government Consultation Document on the proposal to establish a Combined Authority.

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## Appendix 1: Implications

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1. **Finance** – The establishment of a Combined Authority will have financial implications for each council.

The core principles are:

- for transport costs, the total contribution from each authority for the year does not exceed the equivalent cost as it would have been calculated under previous arrangements.
- any other costs incurred in establishing new arrangements would be offset by efficiency gains achieved through the new body and met through existing resources and utilising the skills and capacity that already exist within the constituent local authorities. Staffing requirements will be fulfilled by existing staff across the 7 local authorities wherever possible.

### **Transport funding**

As the Combined Authority will become the Local Transport Authority for the LA7 area, it will become a levying body with respect to Transport costs that will be paid by council tax payers in the respective areas. The significant differences in the transport responsibilities and the cost of transport services between Tyne and Wear, Durham and Northumberland mean that a single transport levy would not be appropriate. The solution proposed following discussion with DCLG and DfT, is that the Combined Authority would issue a levy on a differential basis that will accommodate the differentials in the cost of delivering transport services in County Durham, Northumberland and Tyne and Wear.

On the abolition of TWITA; its property, rights and liabilities will be transferred to the Combined Authority. These would be ringfenced under the terms of the Combined Authority agreement to the Tyne and Wear area and will not be the responsibility of Durham and Northumberland.

### **Combined Authority costs**

The costs of the Combined Authority that are reasonably attributable to the exercise of its functions (including start-up costs) will be met by its constituent authorities. Such costs shall be apportioned between the constituent authorities in equal shares. The Combined Authority will agree an annual budget for the purpose of expenditure.

Any change in the contributions would need to be agreed by the new Combined Authority in consultation with its member authorities and in time for the contribution to be built into Council Budgets in future years.

2. **Staffing** - The Combined Authority will be a small, focused organisation and it is expected that it can be delivered within existing resources.



3. **Risk** - There has been engagement with representatives from the Department for Communities and Local Government at an early stage and the timescales for the creation of a North East combined authority discussed in detail. The timescales are challenging if any combined authority is to be in place by 1 April 2014. The Leadership board of the 7 local authorities are aware of the timescales and the project board met on a weekly basis to ensure so far as possible that the review process is driven forward.
4. **Equality and Diversity** - There are no equality and diversity issues arising directly from this report.
5. **Accommodation** - There are no accommodation issues arising directly from this report.
6. **Crime and Disorder** - There are no crime and disorder issues arising directly from this report.
7. **Human Rights** - There are no human rights issues arising directly from this report.
8. **Consultation** - consultation with key Stakeholders took place in May and June 2013 with a view that continuous engagement will take place over the coming months towards establishment of the Combined Authority. Stakeholders include representative organisations, service providers, delivery partners and relevant regulatory bodies. Each local authority has engaged with the stakeholders in their area. There is also a period of consultation that the Secretary of State will undertake before deciding whether or not it is appropriate to recommend the making of an Order creating a combined authority.
9. **Procurement** - There are no procurement implications directly arising from this report.
10. **Disability Discrimination Act** - There are no Disability Discrimination Act implications directly arising from this report.
11. **Legal Implications** - The Cabinet/Executive of each constituent authority received a report on 24 June 2013. A report has been considered by the Council of each constituent authority on various dates during July 2013 and further updates on the consultation process.

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