

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 1A/1B, County Hall, Durham** on **Tuesday 23 June 2015** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Armstrong, A Batey, J Clare, M Davinson, T Henderson, C Kay, B Kellett, J Maitland, H Nicholson, R Ormerod, A Patterson, M Simpson, P Stradling, O Temple, A Willis, S Zair, N Foster and E Tomlinson

Co-opted Members:

Mr I McLaren

Also Present:

Councillors N Foster and E Tomlinson

1 Apologies for Absence

Apologies for absence were received from Councillors J Bell and D Hall.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meeting held 31 March 2015 were agreed as a correct record and were signed by the Chairman.

Councillor E Adam noted the additional information provided to the Committee in respect of occupancy of Council owned properties and asked for further information as regards what work was ongoing additionally to improve occupancy levels. The Chairman noted that in reference to the Tourism Marketing Review, an additional meeting of the Working Group was scheduled for 6 July to look at key findings and draft recommendations.

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 Media Relations

The Overview and Scrutiny Officer, Diane Close 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 see file of minutes). The articles included: The North East's first University Technical College in County Durham; news of 800 jobs being created over the next three years in the East of the County at businesses including The AMA Group, Peterlee Glass and Bristol laboratories; University links reinforcing the global reach of NETPark companies; and the risk to the "Northern Powerhouse" due to the skills shortage in the North East.

Councillor H Nicholson noted that there would be a need to monitor any potential impact the Technical College had on local schools, noting that the intake targeted 14 year olds.

Resolved:

That the presentation be noted.

7 County Durham Economic Partnership

The Chairman thanked the Chairman of the County Durham Economic Partnership (CDEP), Professor Brian Tanner who was in attendance to give an update for Members in relation to the work of the CDEP (for copy see file of minutes).

The Chairman, CDEP reminded Members that the CDEP was not an executive body, and had a role of influence and coordination, working in partnership with others to help all move in the 'same direction of travel'. It was added that while there were still severe economic challenges, there had been signs of growth and the priorities of the CDEP remained the same; to work in partnership to improve our measure of success and achieve a 73% employment rate. Members noted that this was one of five measures of success, all with 15 year targets (by 2030) and include: a GVA value of 87%; having 4,300 businesses; having a 103% household disposable income; and have an employment deprived index of deprivation reduction from 174 to 64. It was noted that it was felt that the employment rate was making good progress and the GVA value was also well on track for the 2030 target. It was added that the number of businesses had shown a 5.5% increase though there was still a way to go and that disposable income was also in the context of increasing costs of living and would be relative to the North East. Councillors noted that the growth in the employment rate for County Durham was greater than the UK average.

The Chairman, CDEP explained that the CDEP looked to influence via several areas, including the North East Local Enterprise Partnership (NELEP); North East Combined Authority (NECA) and the North East European Structural Investment Fund (ESIF) Sub-Committee.

Members noted that the CDEP supported higher value jobs by facilitating growth and enabling infrastructure, for example NETPark Phase 3, Explorer and Centre for Process Innovation (CPI), and Merchant Park Phase 2.

It was added that there was business and education engagement, for example via the Youth Employment Initiative (YEI), "Get the Buzz" and the successful Future Business Magnates (FBM) programme. Councillors noted that the CDEP looked to maximise the economic impact of any events and worked in partnership to support people in accessing job opportunities.

The Chairman, CDEP noted that challenges ahead included having the right types of jobs to enable continued and sustainable growth, linked to job creation and infrastructure support and employability and access to employment. Members noted other challenges included delivering an ESIF Durham EU Programme and match funding, and raising aspirations and changing perceptions.

The Chairman thanked the Chairman, CDEP and asked Members for their questions on the update.

Councillors asked questions in relation to: how much influence could be made on the GVA value; how partners would work strategically to improve the deprivation index value; whether the 2030 target of 4,300 businesses included those that may close in that time; how to retain those people with aspirations and skills within the County; any potential impact on EU funding as a result of the proposed referendum on Europe; any work to identify those self-employed and on zero-hour contract that are working "below subsistence".

The Chairman, CDEP noted that influencing productivity was key, however the value of jobs was also important, noting in the past the jobs had shifted from mining and engineering to public sector and university, the latter not contributing to GVA. The Head of Strategy, Programmes and Performance, Andy Palmer explained that the 5 measures had been developed in 2010 as a means of estimating "what success would look like" by 2030. It was added that GVA and deprivation measures had been chosen to ensure "no-one was left behind", though it was noted that resources as regards influencing change in Lower Super Output Areas (LSOAs) were now scarce, though there were some possibilities in terms of the new EU Funding Programme, including the YEI, noting the ending of the Working Neighbourhoods Fund (WNF) in 2010. It was added that the main difference now was that the focus was on economic assistance, for example the Hitachi development, and to breed demand to then create new and real jobs. Members noted that it was not just to create job opportunities, there was also a multifaceted approach in terms of helping individuals and families in deprived areas, looking to help remove any barriers to then allow those people to take advantage of new employment opportunities. The Chairman, CDEP noted that there was a role for the voluntary sector in terms of social enterprises in helping to be part of the solution.

The Chairman, CDEP added that he felt transport links were a key issue in terms of linking to employment and linking companies to the rest of the country and wider world and that in terms of aspiration it was important to be able to match skills to the quality jobs we want for County Durham, and to therefore raise individuals' aspirations so that they want to take on these types of job roles. The Chairman noted that the NECA's Overview and Scrutiny committee was looking at transport as a barrier to employment as a possible review topic.

The Chairman, CDEP added that in respect of any EU Referendum, then the CDEP and partners had to look at what was available now on the table in terms of EU funding, such as the ESF, noting a large amount was ring-fenced for County Durham as it was a transition region. It was explained that should EU funding cease in the future, that would need to be dealt with accordingly, however, the current approach of working in partnership was working well and should continue.

Councillors noted that the Chairman, CDEP also wished to better understand the quality of the jobs in the County, working with JobCentre Plus, DCC and Housing Associations to try and better understand the situation. Councillor N Foster noted there were good examples of high aspirations and quality jobs, for example the recent investment by Atom bank at Aykley Heads, and added that it was important to work with schools and colleges to let young people understand what opportunities there were and how to then access them. The example of the FBM programme was given as a mechanism by which employers, teachers and schoolchildren learned the realities of work in the 21st Century, noting it was often parents that had an outdated view of what job opportunities actually existed. Councillor N Foster reiterated that it was important to let young people know that nothing was excluded in terms of what work was available to them and therefore to offer the right support to help steer them in the right direction. Councillor E Tomlinson noted that the County Durham Housing Strategy was on hold, as it comprised part of the CDP, however, added that tackling deprivation and housing aspirations were issues being looked at.

Resolved:

That the update be noted.

8 Quarter 4, 2014/15 Performance Management Report

The Chairman thanked the Performance and Planning Manager, Regeneration and Economic Development, Graham Tebbutt who was in attendance to speak to Members in relation to the Quarter 4, 2014/15 Performance Management Report (for copy see file of minutes).

Councillors noted that some of the key achievements in Quarter 4 included: the number of private sector homes improved as a consequence of Local Authority intervention, 176 for the Quarter and a total of 476 since April 2014; the number of empty properties being brought back into use exceeding target; and the number of affordable homes delivered being above target and in line with national homebuilding performance. Members noted that in addition, the number of apprenticeship starts had exceeded target and that the number of businesses engage with by Business Durham had also significantly exceeded target.

The Committee were reminded of the Housing Stock Transfer and it was added that at the point of transfer the performance of the 3 organisations was strong, with the level of decent homes being very close to 100% and the level of rent arrears being 1.97%, less than the target of 2.45%.

The Performance and Planning Manager explained that tracker indicators showed positive trends including: a continued reduction in the numbers claiming JobSeekers Allowance (JSA); a reduction in those claiming JSA for 12 months or more; and a reduction in the number of homelessness presentations to the Housing Solutions Service and improvements in the number of preventions achieved. It was added that there had been an increase in the number of people re-housed via the Durham Key Options choice based lettings scheme in the Quarter and an overall increase for 2014/15 in comparison to 2013/14. It was noted that this was attributed to greater number of new build properties by both full DKO partners and other registered providers in 2014/15. The Committee learned that occupancy rates for retail units in 8 of the 12 major town centres had increased, with only Consett, Crook and Newton Aycliffe declining, with some known issues such as a planning issue at Newton Aycliffe. It was explained that the occupancy of properties operated by Business Durham had increased, with an associated increase in revenue, and also the number of businesses registered had increased over the last year. Members noted the number of visitors to the "thisisdurham" tourism website, close to 1 million for the year, and the improving statistics in respect of those 16 to 18 years olds Not in Employment, Education or Training (NEET) and an improved level of "not knows" in respect of that cohort. Councillors were informed of progress in terms of refurbishment of Gypsy Roma Traveller (GRT) sites at Stanley, Birtley, West Rainton and Bishop Auckland and noted good occupancy levels at all sites.

The Performance and Planning Manager noted key performance issues included: six inward investment schemes had been secured in 2014/15, below a target of ten and it was added that a new plan had been developed in respect of attracting inward investment for the coming years. It was added that the percentage of major planning applications being determined within deadline had shown a decrease in performance against a backdrop of falling numbers of planning applications. Members noted tracker indicators that showed: a slight improvement in the employment rate in the Quarter, albeit still behind national and statistical neighbour averages; a decrease in the net number of new homes being completed in the last Quarter, although the overall longer term was showing an increase; and a slight increase in the number of people starting their first full-time degree, albeit still lower than the North East and national rates.

Members noted progress with Council Plan actions that had not achieved target, including: progress in respect of the Council's position to respond to the Planning Inspector's interim report on the County Durham Plan (CDP); the delay in the real time travel information system, now to commence in May 2015; and delay of completion date for delivery of the first Durham County Council market housing scheme, now January 2018.

The Chairman thanked the Performance and Planning Manager and asked Members for their questions on the report.

Councillor E Adam asked questions in relation to: influencing the occupancy levels in town centres, specifically those mentioned as declining; and any work with Hitachi in respect of linking to regeneration of the town centre at Newton Aycliffe.

The Portfolio Holder for Regeneration and Economic Development, Councillor N Foster, noted it was difficult to influence occupancy levels in areas where town centres were in private ownership, however the Council was undertaking work in terms of the level of business rates and work of Local Members and Area Action Partnerships (AAPs) in areas, such as Consett, in terms of providing car parking and improvements to shop fronts. Councillor N Foster added that while there was no direct work with Hitachi in terms of Newton Aycliffe town centre, there was a Masterplan for Newton Aycliffe and that there was work ongoing in terms of Merchant Park Phase 2.

Councillor M Davinson noted as regards Section 9(b) of the report, the energy efficiency works are to commence shortly, with 100% sign up and that 17 new landlords in respect of DKO should help in low demand areas, adding that Housing Solutions should be “selling” this to customers.

Councillor H Nicholson asked what impact on Durham County Council (DCC) housing schemes could be envisaged in respect of the Government’s announcement of extending the Right to Buy (RTB) scheme. Councillor J Armstrong noted that in his experience, it was those properties where a tenant had lived in for a long time that would be likely for sale via RTB, rather than any newly developed properties. Councillor H Nicholson noted that any newly developed properties would be attractive for those looking to invest and therefore the impact may not be for 10 years. Councillor J Clare asked whether RTB would be applicable to new developments at Newton Aycliffe. The Portfolio Holder for Housing, Councillor E Tomlinson noted that the site in question was for income generation, with 70% of properties to be sold on that basis and 30% for rent at “market rent”, the site not being for social housing, therefore not subject to RTB.

Councillor O Temple noted reference to comparisons to “near statistical neighbours” and asked for further details. The Performance and Planning Manager explained that the “statistical neighbours” differed in respect of each issue and area, for example for a lot of Children and Adults Services (CAS) statistics, this were in comparison to other North East Local Authorities, for this Committee, there were some neighbouring Local Authorities, such as Darlington and Hartlepool that were similar, however others from further afield included Doncaster, Rhonda Valley and Dover, albeit they all have similar economies to that of DCC.

Resolved:

That the report be noted.

9 RED Investment Planning - Overview

The Chairman invited Head of Strategy, Programmes and Performance, Andy Palmer to speak to Members in relation to the Regeneration and Economic Development (RED) Investment Plan (for copy see file of minutes).

The Head of Strategy, Programmes and Performance noted the strategic and policy context for the RED Investment Plan, namely the fragile economic recovery, change in Government, the developing devolution agenda and asset led public investment.

It was added that accordingly, the approach was for:

- Strong ambitions and delivering growth
- Addressing market failure
- Supporting infrastructure development
- Collaboration and partnership working
- Securing resources and gap funding
- Promoting and playing to our strengths

It was explained that utilising the assets of County Durham included the strong A1 and A19 connections and this was also an area the NELEP had identified for development. Members noted the addressing of market failure referred to housing and industrial estates, however, also included people in the context of diverting people to the appropriate training to support new industry. It was added that local strategies would help prioritise and deliver change, with the Investment Plan and Pipeline being to determine the top areas for investment. Members also noted the securing of resources included EU funding; LGF, RGF and RED Capital budgets and delivery would be supported by a robust project management approach.

The Head of Strategy, Programmes and Performance explained that the Investment Plan was to help deliver the ambitions of the Regeneration Statement, namely: Developing a Thriving Durham City; Creating a Top Location for Business; Developing our Vibrant and Successful Towns; Supporting our Sustainable Neighbourhoods and Rural Communities; and Developing our Competitive People. It was reiterated that this would be measured via: employment rate; GVA; number of businesses; disposable household income; and reducing deprivation. Councillors noted that while Durham City was a key driver, not all investment was within the City, and that the focus was on being able to unlock private sector investment. It was explained that projects included investments at: North Road; Durham Bus Station; Aykley Heads and the feasibility of relocating County Hall; Park and Ride; Durham City Urban Traffic Control; works to Millburngate Bridge; and land slip at Pelaw Woods, highlighting where a health and safety issue occurred this would result in an automatic inclusion into the capital programme.

The Committee noted that in terms of creating a top location for business it would be important to build upon our successes, such as Aycliffe Business Park and NETPark, and that 2015/16 investments included: Merchant Park Phase 2, NETPark Phases 2 and 3; and EU ESIF activities to provide business support and skills development. Members noted that in support of our towns, Masterplans were developed for the major settlements, which included elements such as: shop front improvements; additional car parking; site acquisitions and demolitions to make way for further investment and development; hard landscaping and road improvements. Councillors noted the use of s106 Agreements and DCC funding to help support shop owners, with town centres now offering more “services” as trade for goods themselves moves more towards delivery via the internet.

Members learned that in supporting sustainable neighbourhoods and rural communities there were a number of activities with examples in 2015/16 being: group repairs at Craghead; the South Moor Regeneration Programme; acquisitions and demolitions at West Chilton; and the Empty Homes Cluster Bid, 120 homes brought back into use in Easington, Dawdon, Chilton and Craghead. Members noted that changes in Council Tax legislation relating to empty properties had helped tackle such issues.

The Head of Strategy, Programmes and Performance explained that in developing competitive and successful people it was important to raise the aspirations of people within the County, but also to increase participation and attainment to best support people in accessing new opportunities as they arise.

Members were reminded of the work ongoing in this respect, including: the County Durham Apprenticeship Programme, with 25 apprentices within the RED service alone, supported by grants from the National Apprenticeship Service (NAS); the continuation of the Council's successful Targeted Recruitment and Training (TRT) scheme that help secure investment in local people at the planning stage; the number of EU funded skills development programmes, such as the YEI; Disabled Facility Grants to help people live independently; and the triage system in place to help mitigate the impact of Welfare Reform.

The Head of Strategy, Programmes and Performance reminded Members that the Housing Revenue Account (HRA) Capital Programme was now for the new County Durham Housing Association and therefore the Capital Programme for RED for 2015/16 comprised of Economic Development and Housing (£13.104 million), Planning and Assets (£9.250 million), Transport and Contract Services (£16.893 million) and a £500,000 contingency, totalling £39.747 million. Members were referred to the major themes for the spend over the 2015/16 to 2017/18 period and most significant in terms of capital for Economic Development included: office accommodation; town centres; DFGs; and housing renewal. In terms of Planning and Assets and Transport and Contract Services, the major themes were: renewable energies technologies; structural maintenance (including school demolitions); the Local Transport Plan (LTP) and investment in transport corridors and major improvements. Councillors noted where EU funding could be accessed in terms of themes and were asked to note that the opportunities ahead included:

- An opportunity to improve infrastructure, the use of our assets, skills and business support
- Greater collaboration through the NECA and development of the Devolution Prospectus
- Continually developing and managing the project pipeline and wider investment planning

The Chairman thanked the Head of Strategy, Programmes and Performance and asked Members for their questions on the presentation.

Councillor C Kay noted, as a cyclist, that Durham City was very difficult to negotiate, with issues at the Honest Lawyer junction and the City Centre itself being very hard to pass through and not very cycle friendly. The Head of Strategy, Programmes and Performance explained that there was a new Walking and Cycling Strategy and that there were several grants being applied for in terms of walking and cycling schemes and he would bring back further information to Members accordingly. Councillor C Kay noted he would be interested in getting the experiences of cyclists, with Councillor N Foster adding that strategies were at public consultation.

Councillor S Zair noted the investment being made at Bishop Auckland Castle and asked if there were any plans for developments such as a Park and Ride, as he felt additional car parking alone may not be sufficient.

The Head of Strategy, Programmes and Performance noted there were no plans for such a Park and Ride scheme within the next year, however, developments at Bishop Auckland would be monitored and reviewed as regards their impact over the next 2-5 years.

Resolved:

That the report be noted.

10 Council Plan 2015-2018 - Refresh of the Work Programme

The Chairman invited the Overview and Scrutiny Officer to speak to Members in relation to the Council Plan 2014-2017 - Refresh of the Work Programme for the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The Overview and Scrutiny Officer reminded Members that the Committee considered a report at the last meeting outlining a draft Work Programme for the Committee. The report had provided detail of the activity undertaken by Members in 2014/15, highlighted areas to be brought forward for inclusion in the 2015/16 Work Programme and additional areas identified under the 'Altogether Wealthier' priority theme of the Council Plan. The proposed Work Programme for the Committee for 2015/16 was attached at Appendix 2 for approval by the Committee and in addition, Members were asked to suggest an area for focused scrutiny review. It was noted two areas were suggested by Members, apprenticeships which was already included within the Work Programme via a Special Meeting, and skills development within County Durham.

The Chairman noted that the report set out a comprehensive work programme for the Committee, the need to retain flexibility in respect of any emerging issues and that potential topics for scrutiny review included apprenticeships and skills development in County Durham. It was added that Members could come back to the Overview and Scrutiny Officer with any additional suggestions, and the Chairman noted that the "Skills Gap" was an issue that was noted at Committee regularly and therefore suggested that employability and skills would be a useful and relevant topic for review.

Councillor A Patterson noted the number of special meetings and additional dates for the diary and asked whether it would be preferable to have a greater number of scheduled meetings in a year and requested if Members could receive early notice of special meetings. The Principal Overview and Scrutiny Officer noted that the dates of additional meetings would be circulated to the Committee as soon as possible.

Resolved:

That the Committee agree the Work Programme as set out at Appendix 2 to the report.

11 Minutes of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 28 April 2015 were received by the Committee for information.

In relation to the CDEP Minutes and the Economic Update, Councillor J Maitland reminded the Committee that recently works had begun at Murton in respect of Phase 2 works for Dalton Park, with the potential for 500 jobs being created for County Durham.