

## **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 **Thursday 29 October 2015** at **9.30 am**

#### **Present:**

**Councillor A Batey (Vice-Chairman in the Chair)**

#### **Members of the Committee:**

Councillors E Adam, J Armstrong, J Clare, T Henderson, B Kellett, H Nicholson, A Patterson, O Temple and A Willis

#### **Also Present:**

Councillor N Foster

#### **1 Apologies for Absence**

Apologies for absence were received from Councillors J Bell, R Crute, M Davinson, C Kay, J Maitland, R Ormerod, P Stradling and Mr I McLaren.

#### **2 Substitute Members**

No notification of Substitute Members had been received.

#### **3 Minutes**

The Minutes of the meeting held 29 September 2015 were agreed as a correct record and were 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 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: Durham Lumiere 2015; funding secured for Inspiral Cycles, a business at Bishop Auckland via DCC's Business Improvement Scheme; a warning from the charity Go ON UK that a quarter of North East adults still lack digital skills and links to agenda item 10; County Durham firm Kromek in line for lucrative US Department of Defense deal; and the devolution deals for the North East and Tees Valley, further information being set out at Agenda Item 8.

### **Resolved:**

That the presentation be noted.

The Chairman noted that, in order to best accommodate presenting Officers, it was perhaps preferable to take the Combined Authority report as the next item. Members of the Committee agreed.

## **7 Combined Authority - Update**

The Chairman introduced the Strategy Manager, Regeneration and Economic Development, Ray Brewis who was in attendance to give an update as regards the North East Combined Authority (NECA) and the "Devolution Agreement for the North East" document (for copy see file of minutes).

The Strategy Manager thanked the Committee for the opportunity to give an update on the issue and reminded Members that devolution was not a recent activity, the process had been ongoing for a number of years: with the powers being set out to create a Combined Authority; the Heseltine Report in 2012; looking for regional solutions to regional issues; and the creation of Combined Authorities, with the powers over transport and infrastructure. It was added that the Scottish Independence Referendum and result of the 2015 UK General Election had moved the debate forward in terms of regional devolution.

Councillors noted that there had been 38 devolution proposals in England, and that all "asks and deals" were area specific, with no "one size fits all" approach. It was explained that there had been different approaches in relation to devolution deals, for example Manchester, who were seen as being one of the driving forces for devolution, asking for the full range of powers available, contrasting with the approach in Cornwall which was of a much smaller scale. Members noted that the current North East Local Enterprise Partnership (NELEP) area was pushed as being the geographical area for devolution for the North East, not including the Tees Valley LEP area, and that this was the starting point of the North East Strategic Economic Plan (SEP) to build upon, to ensure planning and investment was in place, or planned.

The Strategy Manager reminded Members of the Adonis Review, carried out in 2014, which had identified the North East as being unique within the UK, and as a good manufacturing area. It was added that there was an ambition for “North East International”, noting the strengths of the area that could be built upon, and the key contribution the North East could make to the “Northern Powerhouse”.

The Committee were reminded of the background and the progress with the NECA, noting the shared vision to “create more and better jobs”, and the process of moving towards a devolution deal, with public consultations and discussions with the Treasury having ultimately led to the announcement on 23 October 2015 in relation to the proposed Devolution Agreement. It was explained that the NECA had been asked to shape the proposals via a “Statement of Intent”, this having been submitted on 4 September 2015. Councillors learned that the Statement of Intent had included several elements that looked to: raise skills; gain greater powers in terms of finance, housing, infrastructure and investment; control over public assets, both local and central Government assets; and how to be more accountable to local people. Members noted that the Statement of Intent asked for: Human Capital Development; Long Term Investment; More and Better Homes; Export Responsibilities – “North East International”; Fiscal Devolution; Better Connectivity and Infrastructure Regeneration; and Regulatory Devolution to Councils and Local Communities.

The Strategy Manager reiterated that the Devolution Agreement had been signed on 23 October 2015, and that the agreement was conditional on approval by the Leadership Board, Councils, Ministers, legislative processes, and further public consultation. Members noted that the Government’s Spending Review, to be announced 25 November 2015, may also have an impact on how devolution was taken forward. It was added that a Mayor would be established, working as part of the NECA, and be subject to local democratic scrutiny and strong partnership with business, with elections for a Mayor in 2017.

The Committee were referred to the main headlines in terms of the benefits from devolution, namely:

- The capacity to fund borrowing of £500million to enable NECA to create an Investment Fund for 30 years.
- NECA to work with NELEP to bring forward 5 year programme for Local Growth Fund.
- Borrowing Powers for NECA to be contained in Devolution Bill.
- Intermediate Body status for European Funding.
- Government to ensure “fair funding” for the constituent Authorities.
- Business Rate growth retention scheme.
- Government and NECA to establish a North East Land Board to identify suitable land, public sector or brownfield for housing or economic development use.
- Create North East Planning Development Framework (not a spatial strategy), led by the Mayor.
- Devolve Compulsory Purchase Powers from the HCA.
- Creation of an Employment and Skills board.
- Facilitate devolution of 19+ adult skills budget.
- Join-up Business Support.
- Work to devolve UK Trade and Investment (UKTI).
- Set up a NECA/NHS joint commission reporting in April 2016.
- Create the UK’s first integrated transport system.

- Consolidated local transport budget including local highways and sustainable travel funding (£260 million).
- Establishing and devolving a long-term funding programme to support the Metro.
- Greater influence on franchising rail.
- Extending bus franchising to North East.
- Smart ticketing.

The Strategy Manager noted that longer-term there was scope to:

- Work towards the devolution of rural growth programmes.
- Review possibility of devolution of some regulatory, planning and licensing powers.
- Work with Government to help the North East play a major role in the UK's business, sports and cultural events.
- Consider business cases for relocation of significant Government functions to the North East.
- Look at Airport Passenger Duty.
- Deal to be monitored by a joint Government and NECA Steering Group meeting quarterly with escalating issues of concern to Minister/Leaders.
- Proposals for an appropriate relationship between the Mayor and Police and Crime Commissioners (PCCs), including in relation to the Fire Service, to be developed jointly with PCCs and Fire and Rescue Authorities.

The Committee noted that the next steps would include: a Business and Stakeholder engagement event to be held 9 November at County Hall; public consultation events across the NECA area in November; the announcement by the Chancellor of the Government's Spending Review on 25 November; and the development of an implementation plan, to include governance and resourcing arrangements.

The Chairman thanked the Strategy Manager and asked Members for their questions on the presentation.

Councillor E Adam asked, in terms of the Mayor's role, was it set out how the funding would be allocated for the position. The Strategy Manager noted that in relation to funding for the Mayor's office this would be top sliced, however, the powers and structure of the Mayor's office have not yet been agreed and there could be a range of options from a Mayor and small team supported by Local Authorities, through to a large team, with staff moved from Local Authorities in the NECA to support the Mayor. It was added that Government had not given any expectation in terms of how the Mayor's support would be set up or staffed.

Councillor H Nicholson asked whether all 7 of the Local Authorities comprising the NECA were holding consultations on the issue of devolution. The Strategy Manager noted that list of events would be made available on the NECA website in due course.

Councillor J Armstrong noted the statement relating to "fair funding" and asked who decided what was "fair", adding that moving forward in terms of devolution would be dependent upon public opinion, the details of the Government's Spending Review, and the fairness in funding allocations.

Councillor O Temple noted the Leader of the Council's comments at the meeting of Durham County Council and asked if a Mayor was in place at the NECA, who would lead on issues such as transport, as currently the NECA leads in relation to transport for County Durham and Northumberland. The Strategy Manager noted it was anticipated that the Mayor would lead on transport issues at a regional level. Councillor J Armstrong noted he did believe in devolution, however, there was still a lot of work to be undertaken and clarification to be given in relation to the proposed devolution deal.

Councillor J Clare asked several questions in respect of: whether a Mayor at a devolved NECA could have authority as regards Local Authority assets, such as the current County Council site; whether the position post-devolution as regards any financial commitment to the Metro would be different; clarification in terms of the veto powers of Council Leaders over the powers of a Mayor; and whether any deal as regards devolution would be to accept or reject, or was there scope for negotiation in terms of what we wanted. The Strategy Manager noted that, as he understood the situation, there would be scope for Local Authorities to put land and assets into the NECA, for example land to enable a rail station, however, this would be at the discretion of the Authority. It was added there would be a Local Board that would look at what Government assets could be transferred to Combined Authorities under devolution. In respect of the question as regards the Metro, the Strategy Manager noted there was not yet sufficient detail on this matter. The Strategy Manager noted there was work to be done in terms of the governance arrangements, including the issue of veto, and this would be developed.

The Portfolio Holder for Economic Regeneration, Councillor N Foster noted that in terms of transport issues they would be by agreement, adding that it had been noted that Authorities were doing similar things albeit, for different reasons. Councillor N Foster reiterated that Government had pushed for Mayors as a part of devolution, however, Government had left it for local areas to decide how devolution would look for them and arrangements would be up for negotiation. Councillor N Foster added that it would be smart to look at several questions in terms of a consultation on the issue of devolution, to look at issues such as further powers, and to set out clearly the advantages, opportunities and any risks in relation to each issue.

**Resolved:**

- (i) That the presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the development of the NECA at a future meeting.

## **8 County Durham Plan - Update**

The Chairman introduced the Spatial Planning Team Leader, Regeneration and Economic Development, Michelle Robinson who was in attendance to give an update as regards the County Durham Plan (CDP) (for copy see file of minutes).

The Spatial Planning Team Leader thanked the Chairman and reminded Members of the brief update provided at the last meeting of the Committee concerning the High Court judgment that had quashed the Inspector's report on the CDP.

It was noted that at the last meeting, Members had been keen for the CDP to be considered as soon as possible by a new Inspector. Councillors were reminded that, as part of the agreement with the Department of Local Government (DCLG) and the Court, the CDP had now been withdrawn and would be updated, with the evidence base being refreshed in terms of the most up-to-date information. The Spatial Planning Team Leader explained that elements of the refresh included: economic, population and household forecasting; housing market assessment; employment land review; strategic housing land availability assessment; sustainable transport strategy for Durham City; Local Plan and Community Infrastructure Levy (CIL) viability; and retail needs assessment.

Councillors learned that the CDP would be back for consideration by Members in Spring 2016, following another round of public consultation.

The Chairman thanked the Spatial Planning Team Leader and asked Members for their questions.

Councillor J Armstrong asked whether the sustainable transport strategy for Durham City also incorporated rail, as well as road. The Spatial Planning Team Leader noted the need to ensure that the sustainable transport strategy did not just reference road transport.

Councillor H Nicholson noted the importance of the A19 and A1 corridors and asked as regards their links to trading estates. The Spatial Planning Team Leader noted that there was a huge portfolio of employment land and that this would be reviewed and the best opportunities for development would be identified. Councillor N Foster added that there would also be consideration to safeguard potential sites, those that may come together later in time, even beyond the lifetime of the CDP.

Councillor J Clare noted that with the CDP moving forward it would be important to ensure Members of Planning Committees were given information in terms of the weight to be given to the emerging policies within the CDP document. The Spatial Planning Team Leader noted this was an interim period, however once agreed by Cabinet, colleagues from the Planning Section would be in a position to advise on the weight of policies as the CDP progressed, with the national policies and frameworks in place being the current guide.

Councillor O Temple noted that the previous Inspector's report had been quashed and asked whether the comments made during the examination, in terms of local communities, would be taken into account in developing the new CDP. The Spatial Planning Team Leader noted that there would be the refresh of the evidence base, taking into account changes and views, however, there was a need to be able to get the CDP in place as soon as possible. Councillor N Foster noted there would be a number of consultation events: via the Area Action Partnerships (AAPs); with Local Councillors; sectoral engagement, on issues such as greenbelt; and with non-statutory consultees.

**Resolved:**

- (i) That the presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the progress of the County Durham Plan at a future meeting.

## **9 Economy and Enterprise Overview and Scrutiny Committee Work Programme 2015/16 - Scrutiny of Housing Issues**

The Chairman asked the Principal Overview and Scrutiny Officer, Stephen Gwilym to give an update as regards the Scrutiny of Housing Issues (for copy see file of minutes).

The Principal Overview and Scrutiny Officer explained that the report set out the proposed method for Overview and Scrutiny to engage with the new housing provider, the County Durham Housing Group (CDHG) following the Stock Transfer process. Members were reminded of the previous work undertaken by the Committee in terms of the housing elements that fell within the Altogether Wealthier priority theme and the associated actions, including: Durham County Council's (DCC) Housing Strategy; Housing Solutions, including homelessness and Durham Key Options (DKO); affordable housing; housing regeneration, including renewal schemes; private sector housing, including empty homes, private landlord accreditation and selective licensing; the annual performance monitoring of Durham City Homes, Dale and Valley Homes and East Durham Homes; and the Large Scale Voluntary Transfer (LSVT) process that established the new CDHG.

Members were reminded of the housing functions within the remit of the Portfolio Holder for Assets, Strategic Housing and Rural Issues, Councillor E Tomlinson, areas that the Committee would consider.

The Principal Overview and Scrutiny Officer informed Members that the new CDHG had taken on a series of key duties, obligations and responsibilities, however, there were 19 Service Level Agreements (SLAs) through which the Council would support the CDHG. It was explained that the CDHG would be developing a new series of Performance Indicators (PIs) and that Overview and Scrutiny would have a role in the monitoring of performance, with the Economy and Enterprise Overview and Scrutiny Committee inviting the CDHG to report on progress made in terms of the delivery of the obligations and responsibilities in the Transfer Agreement at its meeting to be held in June 2016.

Members were referred to the arrangements for dealing with day-to-day queries, and the processes in place with the CDHG in dealing with Members' concerns and complaints, and it was highlighted that the Providers' engagement/complaints process would be used rather than Overview and Scrutiny.

The Principal Overview and Scrutiny Officer concluded by reiterating that housing related issues would remain within the Committee's work programme and included: homelessness; DCC Market Housing Scheme; DCC Housing Strategy; and post-transfer monitoring of the Stock Transfer Agreement with CDHG.

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

Councillor E Adam noted his support for the report and asked whether there would be a single, standardised process in terms of making representations to housing organisations on behalf of residents.

The Principal Overview and Scrutiny Officer noted that each provider would have their own systems in place, adding the Council has representatives on several of the Registered Social Landlord (RSL) Boards as well as the Boards of the constituent CDHG providers, with those Members providing a conduit should there be a problem in terms of progressing an issue. The Housing Solutions Manager, Lynn Hall noted that as there was not a standard process in terms of complaints across all providers it would be key that the processes that were in place were understood and for this information to be made available for Members. The Housing Solutions Manager explained that the Head of Economic Development and Housing, Sarah Robson was Chairman of the County Durham Economic Partnership's (CDEP) Housing Forum and there were sub-groups of the Forum that could look at issues of engaging with Members and complaints accordingly.

Councillor O Temple noted he felt a little out of touch in terms of some of the relationships with the new housing group, and also of the relationship between all providers and the DKO scheme. Councillor J Armstrong added he felt it may be timely to look again at DKO particularly the DKO's process and that this be included within the Committee's work programme.

Members discussed the merits of being able to have some influence in terms of issues, rather than just simply via the formal complaint routes open to residents. Officers noted that while it may be possible in terms of those Boards that had Member representation, some organisations did not have such representation. The Housing Solutions Manager added that she could be contacted to try and help in instances where an issue was not be being progressed by an organisation.

**Resolved:**

- (i) That the presentation be noted.
- (ii) That an update in relation to Durham Key Options be provided at a future meeting of the Economy and Enterprise Overview and Scrutiny Committee.

**10 Skills Development supported by Durham County Council within County Durham**

The Chairman asked the Overview and Scrutiny Officer to present the Scoping Report and draft Terms of Reference for the proposed Working Group looking at Skills Development supported by Durham County Council within County Durham (for copy see file of minutes).

The Overview and Scrutiny Officer reminded Members that during the process of refreshing the work programme for the Committee it had been noted that the next project would look at the issue of Skills Development. Members were referred to the scoping report, noting that the group would take into account the national, regional and local context.

Councillors noted that the draft terms of reference referred to comments from some employers that had expressed concern that the current workforce did not have the skills they require, with Members having shared this concern, and had noted it could prevent local people from accessing employment opportunities within County Durham.



It was added that accordingly, the aim of the review would be to understand the role and performance of DCC in supporting skills development within County Durham, examining how it works in partnership, identify any gaps in current skills support provision and identify future skills priorities for the County.

The Overview and Scrutiny Officer explained that it was proposed to have a series of 6 meetings, along with site visits, with Officers from DCC and partners to present information in terms of skills support provided within County Durham. It was added that it was proposed that the Chairman and Vice-Chairman of the Committee, together with the Chairman and Vice-Chairman of Overview and Scrutiny, sit on the Working Group and that volunteers from the Committee would be welcome. The Overview and Scrutiny Officer concluded by noting that following the meetings and visits, it was envisaged that the report of the Working Group would be submitted to Cabinet in July 2016.

The Chairman thanked the Overview and Scrutiny Officer and asked Members for their questions and comments in respect of the scoping document and draft terms of reference.

Councillor J Armstrong noted that the working group should have cross-party representation. Councillor O Temple noted he would be willing to be a part of the Working Group, adding that he felt it would be useful if Members would be able to bring along members of the business community to meetings, as appropriate.

Councillor E Adam noted the scoping report and draft terms of reference, adding that in terms of gaps and barriers there was a number of different areas that would need to be looked at, identifying young people including those Not in Education, Employment or Training (NEETs), adults and employers. Councillor J Armstrong added that transport issues in the County would probably feature as a barrier in terms of accessing training opportunities.

**Resolved:**

That, subject to the comments made by Members, the Terms of Reference for the Skill Development supported by Durham County Council within County Durham Working Group be agreed.