



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

**Date** Thursday 29 October 2015  
**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. Minutes of the meeting held 29 September 2015 (Pages 1 - 14)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Media Relations
7. County Durham Plan - Update: (Pages 15 - 18)  
Report of the Corporate Director of Regeneration and Economic Development – presented by the Spatial Policy Manager, Regeneration and Economic Development.
8. Combined Authority - Update: (Pages 19 - 22)
  - (i) Joint Report of the Assistant Chief Executive and the Corporate Director of Regeneration and Economic Development.
  - (ii) Presentation by the Strategy Manager, Regeneration and Economic Development.
9. Economy and Enterprise Overview and Scrutiny Committee Work Programme 2015/16 - Scrutiny of Housing Issues: (Pages 23 - 28)  
Report of the Assistant Chief Executive.

10. Skills Development supported by Durham County Council within County Durham: (Pages 29 - 44)  
Report of the Assistant Chief Executive.
11. 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  
21 October 2015

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, M Davinson, D Hall, T Henderson, C Kay, B Kellett, J Maitland, H Nicholson, R Ormerod, A Patterson, M Simpson, P Stradling, O Temple, A Willis and S Zair

**Co-opted Members:**

Mr T Batson and Mr I McLaren

**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 **Tuesday 29 September 2015** at **9.30 am**

**Present:**

**Councillor R Crute (Chairman)**

**Members of the Committee:**

Councillors E Adam, J Armstrong, A Batey, J Bell, J Clare, M Davinson, T Henderson, B Kellett, H Nicholson, R Ormerod, P Stradling and A Willis

**Co-opted Members:**

Mr T Batson

**1 Apologies for Absence**

Apologies for absence were received from Councillors D Hall, A Patterson and Mr I McLaren.

**2 Substitute Members**

No notification of Substitute Members had been received.

**3 Minutes**

The Minutes of the meetings held 23 June 2015 and 4 September 2015 were agreed as correct records 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: Hitachi being impressed with the calibre of workers available in the region; the County Durham Taskforce which had said that the opening of the Hitachi development would be a catalyst for manufacturing in the region; a job boost in Consett with Surgical Dynamics creating around 40 jobs in the next few years; and the North East being reported as having the second highest tourism visitor growth in the country, noting increased visitors to attractions such as Beamish and Hamsterley Forrest.

The Chairman noted the positive stories, especially in light of the ongoing issues at Redcar in respect of the steel works.

The Chairman reminded Members that the Judicial Review concerning the Inspector's Interim Report on the County Durham Plan (CDP) had been reported in the media and welcomed the Spatial Planning Team Leader, Regeneration and Economic Development, Michelle Robinson to give the Committee an update as regards the matter.

The Spatial Planning Team Leader thanked Members for the opportunity to provide an update and asked the Committee to recall that the Inspector's Interim Report was received in February this year and had been very critical of the CDP's ambition, one comment being that the CDP was "too aspirational" in respect of job creation. It was explained that the Council had asked for the debate regarding the CDP to be reopened but this request was refused by the Inspector. Subsequent to taking legal advice, the Council asked for a Judicial Review. Members noted that last week the High Court made a resolution that the Inspector's Interim Report be quashed and accordingly, the CDP would now be withdrawn, updated in terms of evidence and then submitted back to Cabinet, going out for consultation in the New Year. It was explained that as the evidence base was as at 2013, it was good practice to update the evidence, prior to consultation early 2016. The Spatial Planning Team Leader concluded by noting that subsequent to consultation, the updated CDP would be submitted to the Planning Inspectorate for their consideration.

The Chairman thanked the Spatial Planning Team Leader and noted a further update would be received at the meeting of the Committee to be held 29 October 2015.

Councillor E Adam asked as regards the timescales in terms of consultation and consideration by the Planning Inspectorate. The Spatial Planning Team Leader noted that once submitted the onus would be on the Planning Inspectorate to avoid any further delays, carry out the examination quickly and report back in order to allow the CDP to be in place as soon as possible.

### **Resolved:**

That the verbal update by the Spatial Planning Team Leader be noted with Members receiving a further progress update at the meeting on the 29 October, 2015.

## **7 Youth Employment Initiative (YEI)**

The Chairman introduced the Strategic Manager, Progression and Learning, Children and Adults Services, Linda Bailey who was in attendance to give an update as regards the Youth Employment Initiative (for copy see file of minutes).

The Strategic Manager, Progression and Learning explained that the Youth Employment Initiative (YEI) was created to tackle youth unemployment across EU member states. It was added that County Durham was one of eleven areas eligible for funding and would effectively have, subject to fluctuations in exchange rates, around £17.87million, comprised of £6.7million YEI, £6.7million European Social Fund (ESF) and £4.47million of match funding. Members were asked to recall that the Government's Skills Funding Agency (SFA) had originally promised match funding, however, the Department for Work and Pensions (DWP) and the SFA decided not provide this funding. It was added that consequently, Durham County Council (DCC) decided to lead a partnership bid to ensure that the YEI funding was not lost, the partnership being "DurhamWorks". It was noted that the final application had been submitted and the Council was awaiting the outcome. The Committee noted that the YEI would focus on those aged 15 to 24 years of age, who were Not in Employment, Education or Training (NEET) and resident in County Durham, however, there was scope for flexibility and support those up to 29 years of age.

The Committee noted that the data used in terms of youth unemployment in County Durham came from 3 sources, namely: the Annual Population Survey; the Job Seeker's Allowance (JSA) Claimant Count; and the NEET Data by Local Authority. It was explained that while the number of those NEET aged 16-18 had fallen, the figure of 6.2% was too high, in the context of a national figure of just below 5%.

The Strategic Manager, Progression and Learning explained that DurhamWorks had worked with the North East Local Enterprise Partnership (NELEP) and the Wise Group in canvassing young people to obtain their views, and a snapshot of those views were included for Members' information, the full report available on request. Councillors noted issues young people felt important included: 1 in 10 young people reporting they felt they had a lack of IT skills; 40% of young people having suffered from stress, anxiety or depression; and 46% of young people feeling that a lack of experience as a barrier to finding a job. It was added that the information gathered would be used to lead more focused groups with young people, gathering more detail that would help develop the DurhamWorks programme.

Members learned that the DurhamWorks programme would follow a 3 strand approach:

- Strand 1: Transition, Peer Mentor and Employment Support;
- Strand 2: Engagement and Progression of Vulnerable and Disadvantaged Groups; and
- Strand 3: YEI New Employment Zone.

It was explained that for Strand 1, there would be 18 external partners involved to be able to provide one-to-one support for each young person together with support for employers to help them recruit young people and ensure employment is sustained.

The Strategic Manager, Progression and Learning added that Strand 2 would have a wide range of targeted activities, programmes and projects to engage young people and support their progression into the labour market. Members learned that young people furthest away from the labour market and with multiple barriers would be supported. It was noted that the Strand 2 would involve many smaller organisations and sub-contracts via a procurement exercise, once funding is secured.

The Committee noted that Strand 3 would involve substantial employer engagement and look to stimulate activities, including: supporting Small and Medium Enterprises (SMEs) to encourage apprenticeships; supporting social entrepreneurs and self-employment; helping to create jobs and apprenticeships with voluntary sector organisations.

It was explained to Members that the DurhamWorks programme would have governance arrangements that included: DurhamWorks Strategic Partnership, involving key partners such as JobCentre Plus; the Children, Young People and Families Partnership and County Durham Economic Partnership, as part of the overall County Durham Partnership arrangements; and a Young People's Reference Group.

The Strategic Manager, Progression and Learning explained that the next steps would be to await approval from the DWP as regards the partnership bid, and then to undertake a recruitment exercise in terms of the team to manage the delivery of DurhamWorks. It was noted that delivery was due to commence in October/November 2015, to continue through to July 2018, with the programme looking to support approximately 5,500 young people who are unemployed into employment, education or training. The Strategic Manager, Progression and Learning concluded by noting that it would be difficult to fit the programme into 2½ years as opposed to the original 4 years that was envisaged, however all those involved were committed and once the decision of the DWP was known, press releases and launch events would take place.

The Chairman thanked the Strategic Manager, Progression and Learning and asked Members for their questions on the presentation.

Councillor R Ormerod noted he was pleased that DCC was taking the issue of youth unemployment very seriously and were helping young people and highlighted the importance of making sure young people did not feel forgotten or marginalised. Councillor R Ormerod noted that the NEETs figures included the age range 16-18, and asked whether those would be removed as changes in legislation would mean young people were to remain in education up to the age of 18. The Strategic Manager, Progression and Learning noted the age of participation being raised to 18, however, it was added that this was encouraged, though not enforceable on young people or employers. It was added that NEETs figures would still be recognised by the Department for Education (DfE) and therefore DCC would continue to report NEET figures. Members noted that raising the age of participation would likely have a very small impact on NEETs figures, with Government having previously stated that they would revisit the issue should there not be any impact upon figures.

Councillor R Ormerod noted the Government's "Living Wage" would not apply to those 25 years of age or younger and added that several companies had stated they would therefore get around this by employing those under 25.

Councillor R Ormerod noted while he did not support this practice by employers, was there perhaps a silver lining in respect of there being the potential for a number of jobs opening up for young people under 25.

The Strategic Manager, Progression and Learning noted it was possible, however, this could simply shift the issue, though Members were reminded that there was flexibility within the programme to support those up to 29. It was added colleagues within Regeneration and Economic Development would be asked to note this in terms of any modelling exercises undertaken.

Councillor E Adam stated he felt the idea of the programme was fantastic and that it was good that DCC had the foresight to invest in young people. Councillor E Adam added he was disappointed that the match funding from the SFA was withdrawn leaving the Local Authority and partners to provide the rest especially in the context of cuts to funding for Local Authorities. Councillor E Adam asked: whether there was an element of geographical targeting in terms of NEETs; whether particular skills were being targeted, those that employers required; what “innovative” activities were planned; and how performance targets would be set, monitored, and how longer-term success would be judged.

The Strategic Manager, Progression and Learning explained that indeed geographical “hotspots” in terms of NEETs would be targeted, with mentoring and the sub-contracting stage looking at addressing these issues. It was added that rural areas would also be looked at, and while they may not have large volumes, there were other issues to consider and therefore it would be important to reach into those rural communities, again looked at during the sub-contracting phase. Members noted that there would be events involving local organisations in due course to highlight the programme and to encourage them to come on board.

In terms of skills, the Strategic Manager, Progression and Learning added that there was work ongoing with colleagues from the Council’s Regeneration and Economic Development directorate, Business Durham and the Federation of Small Businesses (FSB) to help regarding a focus group working with employers to develop pathways to skills and then in turn jobs. It was explained that several activities would help to “hook” young people and engage, such as involving sport, however, young people would be directed towards the skills relevant to employers and jobs. Members noted that all those involved would be trained to Level 6 in Information, Advice and Guidance (IAG) and there had been some engagement with the North East Chamber of Commerce.

The Committee noted that the target setting was awaiting the sign off between the Government and the EU regarding the Operational Programme (OP). It was added that the 5,500 young people to be engaged with was an estimate, with the EU to set the actual figure. Members noted that while it would be for DCC to track young people for 6 months, the Council would look to track beyond 6 months, for the 2½ years of the programme.

The Chairman noted the involvement of employers, and of the FSB, was encouraging and agreed that it was important to highlight to young people what jobs were actually available.

Councillor M Davinson asked: when the data that was used was gathered; were schools also involved, as they could provide early intervention; and whether there would be specific engagement with hard to reach families, working with those with generational worklessness for example.

The Strategic Manager, Progression and Learning explained that in terms of the data, the annual population survey was self-explanatory, representing the period April to March the following year, with the JSA and NEETs data being collated monthly. It was added that schools were involved, and those “at risk of becoming NEET” were monitored, with indicators looking at Year 9 and 10 pupils, with those that were eligible were signed up automatically once old enough. It was explained that changes to the scope from Government and the EU meant that preventative work was not possible under the programme, however, the One Point Service would help to prevent young people becoming NEET, with around 300-400 young people to be assisted via this route. In terms of hard to reach families, it was noted the programme would link to the “Think Family” agenda and, via the One Point Service and delivery partners, it was hoped to get the right mix of organisations involved in local communities.

Mr T Batson noted that the work of DCC to help get young people into work was excellent and to be applauded, and added that it was the “culture” that needed to be tackled in terms of young people being “ready for work”. Mr T Batson added that he felt it was important to help equip young people with the tools for them to be professional and flexible, enabling them to adapt and be resilient in a changing labour market and to be ready to move jobs, as necessary.

The Chairman reiterated the Committee’s disappointment as regards the withdrawal of the offer of match funding from the SFA, and added that once funding was secured that there would be a good opportunity for the Council and partners to promote what the council and partners have achieved.

**Resolved:**

- (i) That the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development and delivery of the DurhamWorks programme at a future meeting of the Committee.

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

## **8 Masterplans for County Durham**

The Chairman introduced the Regeneration Projects Manager, Chris Myers together with the Economic Development Team Leaders, Julie Anson (North East) and Jackie Donnelly (South West) who were in attendance to give an update as regards the Masterplans for County Durham (for copy see file of minutes).



The Regeneration Projects Manager explained that in terms of coverage, all County Towns have approved documents, and a refresh of the Masterplans will take place over the next 3 years. It was highlighted that the documents were used to bid for monies through the Capital Programme. Members were asked to note the success of Masterplans, with the Seaham Marina having received a National Civic Trust Award in the category "Recognising excellence in the built environment since 1959".

In terms of delivery, the Regeneration Projects Manager noted various activities carried out across the County, and noted work in Barnard Castle carried out with the Heart of Teesdale Landscape Partnership, funded by the Heritage Lottery Fund (HLF). The project will run until October 2016.

Councillors noted in Bishop Auckland that work was ongoing in partnership with Auckland Castle Trust and the Eleven Arches Trust on the delivery of their projects. It was added that work was ongoing with the Town Centre Team on town centre projects, including "shop jackets" to improve the appearance of vacant units. Members learned that the Council and the South Durham Enterprise Agency were working on a restoration of the former King James I school building.

The Regeneration Projects Manager explained that in Chester-le-Street, Chapter Homes had begun preliminary work in respect of bringing forward the former Council offices sites for residential development. A planning application is expected to be submitted in Winter 2016. Councillors learned that public realm works were being carried out in Consett, being on-site until Spring 2016, and continuing Targeted Business Improvements. It was noted that in Crook there was continuing public realm works with retail and high street works also taking place.

The Committee learned of activities in Durham City, including the licenced premises accreditation scheme, "Best Bar None", in partnership with Durham Constabulary and the University of Durham and it was noted that it was the eighth year of the voluntary scheme, with 39 premises taking part. Members noted that some participating Licensees had reported increased footfall, increased turnover and a fall in violence since the scheme's inception in 2008. It was added that the market place was managed to ensure no clashes between highway works with any cultural events or festivals.

The Regeneration Projects Manager reminded Members of the Hitachi development at Newton Aycliffe and the official opening, noting that there were other activities including town centre development, with demolition of some units and the development of a new entrance, new taxi rank and new bus stops. Councillors noted there were a number of proposed works for Peterlee town centre, with improvements to entrances, physical access, the bus station and target business improvements. It was added that the Council's Head of Economic Development and Housing was working with Tesco on the future of their site at Peterlee, as well as their site at Stanley. Councillors noted that at Seaham, there had been an allocation of £1.7 million from the Coastal Communities Fund, in respect of additional improvements including a boat hoist and additional pontoons, making a total of 100 pontoons. Members noted a HLF bid as regards maintaining coal chutes and lime kilns, as well as the implementation of the Seaham Housing Masterplan, a joint venture with the Homes and Communities Agency, which includes new residential development and the provision of a new school.

The Committee were informed of consultation relating to Church Street, the Town Square and the Cheapside seating area at Shildon, in addition to developing schemes at Spennymoor including: improved links between housing growth and town centre (consultation August – September); continuing to support development opportunities for the Festival Walk site; and targeted business improvements. The Regeneration Projects Manager concluded by noting the support of improvements to major buildings in Stanley.

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

Councillor H Nicholson asked what the turnout was in respect of the consultation process at Bishop Auckland. The Regeneration Projects Manager noted that for the car park consultation, there were over 1,000 responses, noting major consultation events would be promoted via the internet.

Councillor M Davinson noted that every area was different and in some it appeared that Masterplans were good drivers in respect of improvements, and asked whether differences were taken into account and that where there were successes such as at Seaham, were lessons learned and taken forward in terms of other areas to refresh Masterplans accordingly. The Regeneration Projects Manager explained that Masterplans were tailored to the needs of each specific town and area, and Officers would look to target any funding streams that were available. The Economic Development Team Leader (SW) noted an example being the Stanley Masterplan from 2012 that had delivered many of the improvements, with it now being necessary to identify what was needed now in 2015/16, and then to identify methods of funding.

Councillor J Armstrong asked as regards progress with Festival Walk at Spennymoor, and what role DCC was playing. The Regeneration Projects Manager noted DCC did not own the site, and was working with the administrators in respect of issues, for example leases. Councillor H Nicholson asked that if the area was effectively a private enterprise, were DCC resources being used.

Councillor E Adam asked if there was a link to the Masterplan documents and a list of when they would be refreshed that could be shared with Members. The Regeneration Projects Manager noted that colleagues in Spatial Policy had produced plans, and the relevant links and schedules could be shared with Members.

**Resolved:**

- (i) That the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee is kept updated on an annual basis on the development of the various Masterplans within County Durham.

## **9 EU Funding Programme**

The Chairman introduced the Strategy and Partnerships Team Leader, Regeneration and Economic Development, Heather Orton who was in attendance to give an update as regards the EU Funding Programme (for copy see file of minutes).

The Strategy and Partnerships Team Leader noted that the EU Programme was not at the operational stage yet, reminding Members that the 2014-2020 programme had allocated €537 million to the NELEP, with €157 million being allocated to Durham itself as a Transition Region.

Members were informed that the European Rural Development Fund (ERDF) programme was signed off, with the Government and EU negotiating in respect of the Operational Programme (OP) for the ESF. It was explained that the Rural Framework had been agreed and informed the development of the LEADER programme for County Durham, with further resources agreed through the European Agricultural Fund for Rural Development (EAFRD), to be distributed via the NELEP.

Councillors were reminded that since February 2015, EU governance arrangements had been confirmed, with “Open Calls” for funding having been released by the Managing Authorities, an example being for the YEI. It was added that while waiting for the agreement as regards the OP, DCC and partners were working together to develop various projects.

The Strategy and Partnerships Team Leader explained that the OP would contain the rules and outputs required. Members learned that Durham, as a Transition Region, would have ERDF resources (business support focus), being approximately 64% of the programme, and ESF resources (supports skills and social inclusion), being 34% of the programme. It was noted that the funding was not provided to the Council, rather DCC with the CDEP would have an advisory role, with ESIF sub-committees advising the DCLG who are the “Managing Authority”. It was noted the North East ESIF Sub-Committee would be chaired by Paul Woolston, who is also Chairman of the NELEP. The Committee were asked to note that issues to note included: match funding and co-financing, currently awaiting guidance; delays to the ESF OP; looking again at ESIF strategies on the basis of shifting economic priorities, noting the CDEP would look at this in January 2016; and fluctuating exchange rates, with the delays experienced resulting in effectively an 18% reduction for the region, based upon 6 month reviews.

Members were referred to Appendix 2, which set out the schedule of existing and emerging funding calls with the NELEP and County Durham. Councillors noted national local open calls would be linked to innovation, business support and low carbon, and Members noted the more detailed report concerning YEI that had already been received. Councillors noted “Building Better Opportunities” with the Big Lottery matching funds from ESF to tackle poverty and social inclusion, with the NELEP and Big Lottery being supported by Voluntary Organisations Network North East (VONNE). It was added that the first tranche had made £2.4 million available for activity in County Durham, with 4 potential lead partners from the voluntary and community sectors (VCS).

The Committee noted that there were now two local groups for County Durham in respect of the LEADER programme, with Durham Coast and Lowlands having an allocation of £2.1 million, and the North Pennine Dales having an allocation of £1.5 million. It was added that County Durham was taking a lead in respect of EAFRD, in developing a specific programme to support rural businesses and key tourism projects. It was noted that Community-led Local Development (CLLD) was a specific tool for managing ERDF and ESF for smaller community led interventions.

The Strategy and Partnerships Team Leader noted that governance arrangements within the Council, in respect of EU Funds, involved Members and Senior Officers and proposals would be worked up once the OP was signed off, with delivery to commence early next year.

The Chairman thanked the Strategy and Partnerships Team Leader, asked Members for their questions on the report. The Chairman noted that he felt uneasy as regards some of the issues yet to be resolved, such as co-financing arrangements; the Department of Communities and Local Government (DCLG) as Managing Authority; and the reductions as reported from currency fluctuations, a consequence of the delays in agreeing the OP.

The Strategy and Partnerships Team Leader noted that Durham, as a Transition Region, had its allocation fixed at €157 million.

Councillor J Armstrong noted that he agreed with the Chairman in respect of delays and DCLG involvement.

Mr T Batson asked whether there would be any repercussions in terms of this particular funding should any referendum on EU Membership in the UK return a result backing an EU exit. Councillor H Nicholson noted as he understood, any funds that were allocated would be paid and added that he felt any “exit” would take a number of years, and potentially put at risk 140,000 jobs in the region. The Strategy and Partnerships Team Leader noted that there would be no impact on the current programme and the future management of the European Programme is being considered as part of devolution discussions, within the North East Combined Authority (NECA) area.

Councillor J Clare noted he was keen to have information on how the programme would be delivered once the OP was known and asked whether information on delivery plans would be brought forward in due course. The Strategy and Partnerships Team Leader noted updates would be provided to the Committee as appropriate.

**Resolved:**

- (i) That the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive further reports as the programme progresses.

**10 Quarter 1, 2015/16 Performance Management Report**

The Chairman thanked the Performance and Improvement Team Leader, Regeneration and Economic Development, Gemma Wilkinson who was in attendance to speak to Members in relation to the Quarter 1, 2015/16 Performance Management Report (for copy see file of minutes).

Councillors noted that the general direction of travel for the performance indicators was positive with some of the key achievements in Quarter 1: the number of empty properties being brought back into use exceeding target; the number of apprenticeship starts exceeding target; the occupancy of Business Durham properties had continued to rise, ahead of target; and the percentage of overall planning applications determined within deadline was now in line with target.

The Performance and Improvement Team Leader 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; there was an improvement in the number of net homes completed from the previous quarter, however, less than the same quarter the previous year; and a reduction in the number of homelessness presentations to the Housing Solutions Service, although the number of preventions fell. It was added that due to changes in the definition regarding homelessness, performance cannot be compared with the same period last year.

Members noted that progress had been made with Council Plan and service plan actions, including: delivery of Auckland Castle Trust projects; physical regeneration projects at Seaham, Peterlee and Consett; highways works to construct a new roundabout at Sunderland Bridge; countywide roll out of the Private Landlord Accreditation Scheme; and further progress with the Digital Durham programme.

The Committee noted key performance issues included: only 164 jobs being created as a result of Business Durham activities, below a target of 600; and the number of private sector properties being brought back in use through Local Authority intervention was below target, however was higher than the same period last year. It was added that tracker indicators had shown that the employment rate had fallen slightly, and was still lower than regional, national and statistical neighbour rates. Members noted that other tracker indicators had shown that: the proportion of working age population currently not in work who wanted a job had risen from 12.4% to 13%; the number of people rehoused via Durham Key Options (DKO) had reduced from the previous quarter and was less than the corresponding period last year; and gross disposable income per head for the county was below both the North East and national rate.

Members noted progress with Council Plan actions that had not achieved target, including: progress with the CDP, noting the update provided earlier; a revised date for the obtaining of planning permission for a Western Relief Road, linked to the CDP; traffic flow improvements in Durham City put back to September 2017 from October 2016 as a result of funding delays; issues with design and construction of electricity supply delaying the development of infrastructure at Merchant Park 2, Newton Aycliffe; and a slight delay in terms of the feasibility study in respect of Bishop Auckland Town Hall, now November 2015.

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

Councillor M Davinson noted the underperforming figure of 18% in terms of the people commencing a first-time degree who were resident in County Durham when they started, and asked whether there was any additional information as regards retention of graduates in our area.

The Performance and Improvement Team Leader explained she would liaise with colleague in the Children and Adults Services directorate as regards obtaining any information available in this respect.

Councillor J Clare noted the roll out of Universal Credit and asked that, in the context of comments from the Office of National Statistics, were figures in relation to JSA worthless and whether there was a feeling of a petering out or general slowdown in terms of economic activity. The Chairman added that a true picture was required in terms of those in receipt of benefits. The Performance and Improvement Team Leader noted that Officers were looking at the issue of being able to report such figures in a meaningful way in future, in order for them to be comparable nationally and regionally.

Mr T Batson noted the performance as regards planning applications and added that his experience was that the Planning Section were very helpful and that the performance against timescales did not necessarily give an indicator of the quality of performance. The Performance and Improvement Team Leader noted that the Planning Development Team were looking to refresh the satisfaction surveys that were used post-planning application.

Councillor H Nicholson noted that the report inferred that 54% of those starting apprenticeships did not continue past 15 months, and asked whether there was information on those people's destinations upon leaving the apprenticeships. Councillor H Nicholson also asked whether the level of uptake of the Private Landlord Accreditation Scheme could be considered poor and if there were any plans to reinvigorate and attract more landlords. Councillor M Davinson noted that the scheme had originally piloted in the New Kyo area, then to be rolled out countywide this quarter and therefore the figures would likely be reflected within the next quarterly report. The Vice-Chairman, Councillor A Batey added that the Accreditation Team was now visiting areas to help encourage landlords to join the scheme, again hopefully to be reflected in Quarter 2 figures.

#### **Resolved:**

That the report be noted.

### **11 Quarter 4, 2014/15 and Quarter 1, 2015/16 Revenue and Capital Outturn**

The Chairman introduced the Finance Manager, Resources, Azhar Rafiq to speak to Members in relation to the Quarter 4 2014/15 and Quarter 1 2015/16 Revenue and Capital Outturn (for copy see file of minutes).

The Finance Manager noted for the Quarter 4 2014/15 Revenue and Capital Outturn the areas that were reported upon: the General Fund Revenue Account, the Housing Revenue Account (HRA) and the Capital Programme for the RED Service.

Members noted the service was reporting a cash limit underspend of £1.395 million at Quarter 4 2014/15 against a revised annual General Fund Revenue Budget of £44.077 million. Members noted the major variances fell within Planning and Assets, with the detailed explanations as set out within the report. The Committee were informed that the service grouping had delivered against Medium Term Financial Plan (MTFP) savings.

The Committee noted that the HRA for 2014/15 represented the last year of the Council as landlord with the stock now having been transferred to the new County Durham Housing Group on 13 April 2015. It was added that for 2014/15 there were no major issues and the variances within the HRA being set out within the report, noting a surplus of £17,879.

As regards the Capital Programme 2014/15, the Finance Manager explained that the actual spend was reported as £76.078 million split between the General Fund (£33.252 million) and HRA (£42.826 million). Members noted a breakdown of the major capital projects and further details were given at Appendix 3 to the report.

The Chairman thanked the Finance Manager and asked Members for their questions on the Quarter 4 finance report.

Councillor M Davinson thanked the Officer for the details of the Capital Programme activities as set out at Appendix 3, noting the information was interesting and useful and added that similar detailed breakdowns would be useful at other Committees.

Councillor E Adam noted that the actual spend in relation to DurhamGate represented only 12% and asked for reasons for this. The Finance Manager noted that he would have thought it was simply a profiling issue, with the balance being carried forward into the 2015/16 budget.

The Finance Manager noted for the Quarter 1 2015/16 Forecast of Revenue and Capital Outturn the areas that were reported upon were the General Fund Revenue Account and the Capital Programme for the RED Service.

Members noted the service was reporting a cash limit underspend of £0.293 million at Quarter 1 2015/16 against a revised annual General Fund Revenue Budget of £24.959 million. It was explained that a proportion of the budget in respect of Transport, an element that was received as grant, now fell under the responsibility of the NECA as Transport Authority, this accounting for the reduction in this budget. Members noted the variances within the budget, with the detailed explanations as set out within the report. The Committee were informed that the service grouping was on track to deliver against Medium Term Financial Plan (MTFP) savings for 2015/16 of £1.3 million.

The Committee were reminded that subsequent to the transfer of housing stock, a separate ring-fenced HRA was no longer required, although it was noted that there would be some residual transactions reflecting a short period of activity in 2015/16, and that some associated costs in terms of delivering stock transfer had been met from retained reserves.

As regards the Capital Programme 2015/16, the Finance Manager explained that the actual spend for the first 3 months was reported as £3.600 million with the revised budget being £40.612 million. Members noted a breakdown of the major capital projects in terms of 2015/16 were given at Appendix 2 to the report.

The Chairman thanked the Finance Manager and asked Members for their questions on the Quarter 1 finance report.

Councillor H Nicholson asked what the line within the report under transport referred to, noting an underspend of £13,000 in relation to legal costs for Durham Tees Valley Airport.

The Finance Manager noted that DCC was a shareholder, as were several other Local Authorities, and this represented where the responsibility lay as a shareholder, within the remit of the Head of Transport.

**Resolved:**

That the reports be noted.

**12 Minutes of the County Durham Economic Partnership**

The Minutes of the meeting of the County Durham Economic Partnership held 14 July 2015 were received by the Committee for information.



**Economy and Enterprise  
Overview and Scrutiny Committee**

**29 October 2015**

**County Durham Plan - Update**



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**Report of 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 a further update in relation to the current position regarding the County Durham Plan and the process to be followed.

**Background**

- 2 As Members will remember the County Durham Plan (CDP) is a key Council document, seeking to guide the future development of the County and to improve the lives of its existing and future residents.
- 3 Overview and Scrutiny have received regular updates and workshops in relation to the ongoing preparation/progress on the CDP. The last update report was provided to committee on the 6 October, 2014 and related to: the appointment of a Planning Inspector for the Examination in Public (EIP) and the appointment of a Programme Officer to support the EIP; how the EIP would be carried out and focus for each stage of the examination.
- 4 At the meeting of the Economy and Enterprise Overview and Scrutiny Committee on the 29 September, 2015 members received a verbal update on the CDP from the Spatial Planning Team Leader who informed members that the High Court made a resolution that the Inspector's Interim Report be quashed.

**Current Position**

- 5 As part of the agreement reached with the Department for Communities and Local Government (DCLG) and endorsed by the court, the CDP will now be withdrawn. As much has changed in regard to Government policy and elements of the Plan's evidence base it is currently being updated and refreshed. Key areas of work include:
  - 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 CIL Viability; and
  - Retail Needs Assessment.
- 6 The updated evidence will inform the refreshing of the Plan and indicate where any changes may have to be made.

### **Next Steps**

7. In order to ensure an amended and refreshed Plan is back to Examination as soon as possible we are hoping to have the new draft approved by Cabinet and out to consultation early in the new year. We will then look to submit the Plan for Examination in late spring.
8. After Submission a new Planning Inspector will be appointed who will then determine the timescales and the format of the Examination in Public

### **Recommendation**

- 9 That the members of the Economy and Enterprise Overview and Scrutiny Committee note the position regarding progress of the County Durham Plan and receive a further update at a future meeting.

### **Background papers:**

Economy and Enterprise OSC - County Durham Plan update report – 6 October 2014

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## **Appendix 1: Implications**

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**Finance** – The Regeneration Statement and the County Durham Plan outline the approach for investment which includes Durham County’s Council’s capital programme.

**Staffing** – The Spatial Policy Team’s work programme reflect the requirements of the CDP Project Plan.

**Risk** – The evidence base does not arrive in a timely fashion to allow policies to be drafted and considered by the Sustainability Appraisal team.

**Equality and Diversity / Public Sector Equality Duty** – Detailed Equality Impact Assessments and will be amended and refreshed to reflect the emerging Plan.

**Accommodation** – None.

**Crime and Disorder** – None.

**Human Rights** – None.

**Consultation** – Further consultation is required before Submission of the Plan.

**Procurement** – None.

**Disability Issues** – None.

**Legal Implications** – The Council’s legal team are fully involved in the update and refreshing of the Plan. In addition a barrister has been appointed to assist the Council throughout the entire process including the Examination in Public.

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**Economy and Enterprise  
Overview and Scrutiny Committee**

**29 October 2015**



**North East Combined Authority  
Update**

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

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**Purpose of the Report**

- 1 To inform Members of the Economy and Enterprise Overview and Scrutiny Committee of the North East Combined Authority's (NECA) key developments and activities prior to a presentation by the Strategy Manager, Regeneration and Economic Development

**Background**

- 2 The Economy and Enterprise Overview and Scrutiny Committee has received several updates highlighting the development of the North East Combined Authority (NECA) with the last update provided to the committee at the meeting on the 20 February 2015. At that meeting members received detail of: background to the development of the NECA; the role of NECA and structure; the North East Growth Deal; the role of the NECA in relation to transport, employability and inclusion, economic development and regeneration and the development of a devolution deal.
- 3 Arrangements have been made for the Strategy Manager, Regeneration and Economic Development to attend the meeting on the 29 October to provide a presentation focusing on:
  - National context and devolution journey.
  - What we want in the North East.
  - What deals other areas have.
  - NECA and devolution development process to date.
  - Statement of intent.
  - The proposed deal, ongoing discussions with Treasury.
  - Issues for Durham and the North East.
  - Next Steps

**National Context and Devolution Journey**

- 4 The UK is one of the most centralised countries within Europe and recent progress towards devolution started back in 2009 with an order to establish Combined Authorities and an emphasis on providing more local responsibilities for economic development in local areas. The presentation will provide detail of developments over recent years including further context provided by the Cities and Local Government Devolution Bill and governance within Combined Authorities.

## **What We Want in the North East**

- 5 As a North East area we have set out clearly what we want within the North East Strategic Economic Plan (SEP), illustrating our high level ambition for more and better jobs. The proposals for devolution should help to deliver these ambitions and benefit the area through greater decision making within the region, greater control and flexibility, and targeted investment for what we want and what we can deliver.

## **What Other Areas Have**

- 6 Over 38 areas submitted devolution proposals as part of the request by Government prior to the Comprehensive Spending Review deadline on the 4 September, 2015. A number of areas have already agreed Devolution Deals with Government and these differ greatly in terms of scale, ambition and resources, comparators include Manchester and Cornwall.

## **NECA and Devolution Process to Date**

- 7 In 2014 the seven Local Authorities established the North East Leadership Board to create the North East Combined Authority. An overview of the developments towards a devolution ask will be provided within the presentation and will include outline proposals, public consultation, the initial devolution prospectus and submission of the Statement of Intent to Government for the Spending Review deadline on the 4 September, 2015.

## **Statement of Intent**

- 8 NECA set out its North East International ambition with its objectives to achieve growth through exports and public service reform and set the 'asks' of Government for devolution through its Statement of Intent. There are seven main asks that illustrate the ideas for a devolution plan for the North East. These are centred on: 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 Council's and local communities.

## **The Proposed Deal**

- 9 NECA during September and October have continued to have conversations with Government to discuss and develop a devolution proposal for the North East. A proposed Deal has been received from the Treasury. NECA and Councils are considering the proposed agreement. All proposals are subject to approval by the Combined Authority, Councils, Ministers, legislative process, the Comprehensive Spending Review, further public consultation and a Mayor to be elected in 2017. Some of the main proposals within the Deal include capacity to fund borrowing of £500m to enable NECA to create an Investment Fund, Intermediate Body Status for European funding, creation of an Employment Skills Board and creation of the UK's first integrated transport system.

## Issues for Durham and the North East

- 10 The Deal proposal continues to be discussed by the Councils and Combined Authority Leaders. There are a number of issues and implications to be considered for the North East and Durham including, changes in local government structures, public and stakeholder engagement to date, development of a Mayor/Combined Authority Model, resources and timescales.

## Next Steps

- 11 The presentation provided to members at the meeting on the 29 October will outline the latest developments and associated timescales.

## Recommendations

- 12 The Economy and Enterprise Overview and Scrutiny Committee is asked to note and comment upon the information provided within the report and the presentation.
- 13 That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the development of the NECA at a future meeting.

## Background papers

North East Combined Authority Statement of Intent available at:  
[Devolution | North East Combined Authority](#)

North East Leadership Board meeting papers available at:  
<http://www.northeastca.gov.uk/committee-meetings/north-east-leadership-board-background-information-papers>

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## Appendix 1: Implications

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**Finance:** There are no direct implications arising from this report at this stage. As part of further discussions with Government, NECA and Leaders, the Council is considering the proposed Deal and the associated financial details and implications.

**Risk:** There are no direct implications arising from this report

**Equality and Diversity/Public Sector Equality Duty:** There are no direct implications arising from this report

**Accommodation:** There are no direct implications arising from this report

**Crime and Disorder:** There are no direct implications arising from this report

**Human Rights:** There are no direct implications arising from this report

**Consultation:** A wide ranging consultation exercise was undertaken with partners and wider stakeholders in March 2015 and further consultation is scheduled for autumn 2015 on the proposals for devolution.

**Procurement:** There are no direct implications arising from this report

**Disability Issues:** There are no direct implications arising from this report

**Legal Implications:** There are no direct implications arising from this report



## Economy and Enterprise Overview and Scrutiny Committee

29 October 2015



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

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

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#### Purpose of the Report

- 1 This report informs members of the key housing related issues which face the Economy and Enterprise Overview and Scrutiny Committee and proposes a methodology for scrutiny of how the County Durham Housing Group will deliver against the requirements of the Stock Transfer Agreement.

#### Background

- 2 The Economy and Enterprise OSC is responsible for the scrutiny of the Council Plan Altogether Wealthier priority theme and associated actions. The Committee's terms of reference include examining key policies and services within the sustainable neighbourhoods and rural communities' priority.
- 3 The Economy and Enterprise OSC has previously considered a number of housing related issues such as:-
  - Durham County Council's Housing Strategy
  - Housing Solutions – including Homelessness and Durham Key Options
  - Affordable Housing
  - Housing Regeneration including renewal schemes
  - Private sector housing including empty homes, private Landlord Accreditation and Selective Licensing
  - Annual Performance Monitoring of Durham City Homes; Dale and Valley Homes and East Durham Homes
  - The LSVT process which established the County Durham Housing Group.
- 4 With the completion of the Stock Transfer process and the establishment of the County Durham Housing Group (CDHG), the County Council relinquished its housing landlord function. Accordingly, the Economy and Enterprise OSC needs to review its approach to the scrutiny of housing related issues to better reflect the County Council's strategic housing function and related statutory duties.

## **Durham County Council Housing Functions**

5 Durham County Council retains a number of housing functions which fall largely within the responsibility of Councillor Eddie Tomlinson, the Executive Member for Assets, Strategic Housing and Rural Issues. These functions are:-

- Statutory Homeless
- Produce the Housing Strategy
- Fulfil the government's recognised functions of a Strategic Housing Authority
- Work closely with Government's Housing arm, the Homes and Communities Agency
- Ensure Affordable Housing is available and oversee the Affordable Homes Programme for Durham
- Maximise the benefits of housing development
- Strategic Fuel Poverty / Energy Efficiency
- Specialist housing schemes and older persons accommodation
- Rural enabling
- Liaison with and where appropriate co-ordination of large number of social housing providers, including LSVTs.
- Also monitoring of LSVT performance.
- Choice Based Lettings Scheme – Durham Key Options
- Anti-Poverty agenda
- Prevention of Homelessness
- Housing Regeneration activity
- Gypsy Roma Traveller Site Management – please note this sits within a different Cabinet portfolio
- Fuel Poverty / Energy Efficiency
- Private Sector Housing Issues
- Home Improvement Agency
- Market Housing Company

## **County Durham Housing Group**

6 The Council completed the transfer of ownership of its remaining housing stock to the new County Durham Housing Group and its component housing management organisations, Durham City Homes; Dale and Valley Homes and East Durham Homes on 13 April 2015. Within the Transfer Agreement were a series of key duties, obligations and responsibilities placed upon the Council and the Company, including 19 Service Level Agreements through which the Council will support CDHG.

7 It has been proposed that performance management arrangements in respect of the Transfer Agreement will be developed jointly between the Council and CDHG and reviewed and recorded through the Council's Overview and Scrutiny procedures.

- 8 In view of the timescales within which CDHG has been established, it is important that the Company's new operational arrangements are allowed time to bed in including how the group are to develop performance management arrangements in respect of delivery against the Transfer Agreement. To this end, it is suggested that a report be brought to the Economy and Enterprise OSC in June 2016 which will detail progress made against the Transfer Agreement as well as key milestones identified within DCHG's Annual report.

### **RSL housing performance and day to day housing enquiries made to Councillors**

- 9 As detailed earlier, the County Council no longer has any responsibility for day to day performance management of individual RSL's as this sits wholly within the Governance arrangements of those organisations.
- 10 For those organisations who are former Local Authority housing providers, the Council remains a shareholder and retains a presence on the Company Boards although it has been evident that housing regulators are placing increasing pressure upon RSLs to reduce this level of Local Authority representation.
- 11 It is to be expected that Councillors will continue to receive requests for assistance from their constituents regarding housing management related issues but it is essential that these are pursued by members through the Housing providers' engagement/complaints processes rather than Overview and Scrutiny.
- 12 The Economy and Enterprise OSC considered a report at its meeting held on 23 June 2015 which detailed its proposed work programme for 2015/16. In agreeing the work programme, it was noted that there are several housing related issues which were contained therein including:-
- Homelessness;
  - DCC Market Housing Scheme
  - DCC Housing Strategy
  - Post Transfer monitoring of the Stock Transfer Agreement with CDHG.

### **Conclusion**

- 13 This report summarises the post LSVT housing related issues facing the Economy and Enterprise OSC during the coming year and beyond now that the authority is no longer stock owning and suggests a mechanism through which the Committee will engage with RED and the CDHG in examining how the Transfer Agreement key aims and objectives will be delivered and whether timelines/targets are being met.

## **Recommendation**

- 14 Members are asked to note the information received within this paper and agree the proposals detailed therein

## **Background papers**

None

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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

29 October 2015



### Scoping Report for the Review of Skills Development supported by Durham County Council within County Durham

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

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##### Purpose of the Report

- 1 The purpose of this report is to provide members of the committee with background information together with the terms of reference and project plan for the scrutiny review of skills development supported by Durham County Council (DCC) within County Durham.

##### Background

##### National Context

- 2 In November 2014, the government published a report 'Growth Through People' UK Commission for Employment and Skills (UKCES) looking into the UK skills system and put forward 5 recommendations for action, with employers leading the way, working with unions and the government to ensure that the UK has the skilled workforce needed to create better jobs and fight off competition.
- 3 The report describes the changing nature of the workforce, with the previous 20 years seeing a significant rise in technology throughout most working practices, with 4.6 million more high-skill jobs and 1.3 million lower-skill jobs being created, whilst the number of mid-level skilled jobs has declined. The result is that the career ladder is more difficult to climb and therefore, the workplace more difficult to facilitate all levels of social development.
- 4 The report sets out 5 priorities for action for the next 20 years:
  - Employers need to lead on skills development and government at national, regional and local level should enable them to do so by encouraging greater collaboration between businesses, unions and the general workforce.
  - Improving workplace productivity is the route to pay and prosperity including better management, better job design and increased employee engagement.

- There should be a clear career pathway for young people such as apprenticeships and this should be a normal way for business to recruit and develop their workforce.
  - Work experience should become an integral part of education for all young people, bridging the gap between education and work education and therefore preparing people for work.
  - Success should be measured by a wide set of outcomes, including jobs and progression and not just academic qualifications.
- 5 The report highlights the importance of industry wide collaboration and employer –led partnerships in developing a skilled workforce. The report also promotes the theme of employers investing in training, skills and talent development to ensure that the UK’s economy can attract and develop the broadest range of talent.
- 6 Reviewing post-16 Education and Training Institutions
- Government, has expanded the apprenticeship programme and introduced additional reforms including:
    - High quality professional and technical routes to employment, alongside robust academic routes which allow individuals to progress to high level skills valued by employers; and
    - Better responsiveness to local employer needs and economic priorities, for instance through local commissioning of adult provision, which will help give the sector the agility to meet changing skills requirements.
  - In order to deliver these objectives, government requires a network of technology and national colleges to deliver high standard provision at levels 3, 4 and 5. Whilst government recognises that there are many excellent further education colleges, they have commented that substantial change is required to deliver these objectives while maintaining tight fiscal discipline with the work of the FE and Sixth Form College Commissioners has identified there is significant scope for greater efficiency in the sector, in a way that frees up resources to deliver high quality education and training.
  - Government is planning to move towards fewer, often larger, more resilient providers with the Departments for Education and Business Innovation and Skills facilitating a programme of area-based reviews to review 16+ provision in every area and to do so quickly. These reviews will provide an opportunity for institutions and localities to restructure their provision to ensure it is tailored to the changing context and design to achieve maximum impact. The focus of the reviews will be on FE and sixth form colleges, although the availability and quality of all post-16 academic and work based provision in each area will also be taken into account.



- Areas will be asked to take forward reviews according to a national framework, which will help ensure that they are conducted on a broadly consistent basis. Reviews may either be proactively initiated by a group of institutions in a local area, or by Government where it sees a need to progress rapidly, in particular where there are concerns about some or much of the quality of the provision, capacity, or financial sustainability of individual institutions.

## Regional context

- 7 The national context outlined in the UKCES report directly corresponds with the regional approach taken across the whole of the labour market and detailed within recommendations by the NE Combined Authority to encourage an inclusive and skilled workforce that is central to private sector led growth.
- 8 Although the NE has a strong reputation for responding to the opportunities presented by a growing and changing economy, the region does face a number of challenges in establishing a better functioning labour market which maximises the contribution of the workforce, including skills gaps where only half of the area's working age population has Level 3 or above qualifications, the relatively low uptake of science, technology, engineering and mathematics (STEM) subjects continues to be of concern and there is a deficit of high level skills compared with other areas.
- 9 The Strategic Economic Plan (SEP) for the NE sets out the vision for establishing an inclusive and skilled workforce and has an overarching theme to provide a demand led system which reflects the need of employers, including for high level skills in support of better jobs and provides access to high quality training facilities for both general and specialist training.
- 10 This in turn will address the current and future skills needs, ensure that young people are equipped and qualified to access opportunities and ensure that high quality training facilities are available to engage employers and learners.
- 11 The North East Combined Authority will create an integrated employment and skills system tailored to the specific needs of the area, and thereby raise labour market participation and skills at all levels, to increase productivity, improve the life chances of young people, help people into work and meet the skills shortages experienced by North East employers.
- 12 This process will be overseen by an Employment and Skills Programme Board with dual accountability to both the North East Combined Authority and to Government. The Programme Board will bring together the relevant accounting responsibilities of the seven constituent local authorities of the Combined Authority; the Department of Business, Innovation and Skills; Department for Education; and the Department for Work and Pensions – as well as the Regional Schools Commissioner, and appropriate representation from the North East Local Enterprise Partnership and HM Treasury. The Government's contribution will be led by a senior Minister.

13 The Programme Board will:

- Undertake a comprehensive review and redesign of the education, skills and employment support system in the North East. This will encompass the current area-based review of post 16 education and training institutions. The Board will subsequently evaluate strategic fit and effectiveness of this system in meeting the future needs and demands of the local economy.
- Actively stimulate, promote and champion initiatives that seek to strengthen and deepen partnerships between education and business to provide a focus upon economically-driven activity, such as vocational training (including apprenticeships and traineeships); experience of work; and enterprise learning.
- Develop key strategies and plans for post-16 learning provision, including 16-18 apprenticeships; and undertake a review to examine the case for full financial devolution of these functions to the North East Combined Authority in time to implement any further reforms for the 2018/19 academic year.
- Collaborate to maximise the opportunities within the North East presented by the introduction of the apprenticeship levy and any annual underspends within the national Employer Ownership of Skills pilot programme.
- Facilitate the full devolution to the Combined Authority of the funding and accounting responsibilities associated with post-19 learning provision, including 19+ apprenticeships, in time for the 2017-18 academic year. This will principally involve the transfer of the existing funding streams of the Skills Funding Agency.
- Facilitate joint responsibility between Government and the Combined Authority for a locally designed and commissioned framework of employment support that replaces all existing employment support programmes (including the Work Programme), to include an element of specialist support for the hardest to help, including Employment Support Allowance (ESA) claimants, from 2017. The Board will undertake a review to examine the case for full financial devolution leading to potential transfer of full accountability to the North East Combined Authority in time to implement any further reforms by April 2019.
- Oversee the running of a national pilot that delivers full integration of customer-facing services provided by local authorities and Jobcentre plus, rationalising buildings, securing efficiencies and improving service delivery.
- Establish and maintain a close link with the equivalent proposals of the Combined Authority for the integration of health and social care.

## Local context

- 14 County Durham's Adult Skills Strategy has an economic focus, aiming to develop a more highly skilled workforce with a higher proportion of residents gaining high-level qualifications. With this in place the county will be able to create, grow, and attract more innovative businesses that will provide more highly skilled jobs and higher wages. This, in turn, will support higher levels of growth and a strong economy.
- 15 To realise this vision, ten key priorities have been identified, separated into three distinct themes of *workforce*, *business*, and *enabling*:
- **Workforce**
    - Improve the qualifications and skills of County Durham residents;
    - Develop skills to enable progression into employment;
    - Improve skills to promote enterprise and entrepreneurial behaviour;
    - Narrow the skills attainment gap in economically deprived communities.
  - **Business**
    - Develop skills to meet demand of growth sectors;
    - Increase the number of Apprenticeship opportunities;
    - Stimulate demand for higher level skills to increase productivity and growth.
  - **Enabling**
    - Develop high quality Information, Advice and Guidance;
    - Develop market intelligence for employers, learners and providers in order to match supply with demand and to improve the relevance of skills provision;
    - Support employers to utilise the skills funding system.
- 16 County Durham has a relatively high proportion of employment in the public sector and low-value manufacturing, and a relatively weak base of professional and business services. However, there are close economic linkages with neighbouring areas in Tyne and Wear and County Durham residents compete for jobs across the NE.
- 17 The county's economy has undergone significant sectoral changes in line with the rest of the country with the fastest growing sector financial and professional services with over 5000 jobs, which is higher than the national rate of growth for this sector. However, the high growth rate is from a low base which has lagged behind national growth in this sector for several decades.
- 18 Despite a reduction in expenditure, the public sector has shown strong job growth in the last decade, primarily in the healthcare and education sub-sectors. However, this is modest compared to high proportion of people employed in the sector and low compared to the proportionate increases in employment in this sector at regional and national levels. The distribution, hotels and restaurants (including retail) sector has shown outstanding growth in the last decade (12%) compared to regional and national averages, overtaking manufacturing as the second largest sector in employment terms. Allied to this, growing consumer expenditure and an increased number of visitors to the county have supported strong growth in the retail and hospitality sectors. Despite a long-term decline, manufacturing as a whole, continues to be a significant feature of the local economy.

- 19 The positioning of the county, infrastructure and availability of local labour continues to attract inward investors with companies such as Hitachi Rail Europe, Great Annual Savings Ltd and Compound Photonics establishing operations locally. Similarly, it enables specialist organisations, such as the national High Value Manufacturing and Satellite Applications catapult to operate from County Durham. It also supports local businesses such as CAV Aerospace, Sunderland Mutual Marine Insurance, Thomas Swan, The Banks Group, Kromek, and Inov-8. The area is also a low-cost base for businesses when considering costs for land, premises, labour and housing. However, the fact that County Durham is predominantly rural with a diverse geography does present a number of challenges in terms of ensuring there is good access to transport between residential areas and employment centres.

### **Occupational profile of County Durham**

- 20 County Durham has a more balanced occupational profile compared to the North East LEP area and England. The County has fewer residents employed in higher-level occupations (managers, directors, professional, and technical occupations) to the North East LEP area and England but similar levels in lower-level occupations (sales, customer service, plant and machine operatives, and elementary occupations). The largest proportion of the County's workforce work in mid-level occupations (administrative, skilled, caring and leisure occupations) and it is this group that has seen the largest increase since 2004.
- 21 Mid-level occupations generally require a level of education, training, experience, or competence which is above basic literacy and numeracy; which suggests they may have the potential to move up to higher-level occupations during their careers. Similarly, the occupation profile of the County does not necessarily reflect the significant improvements in education levels of the workforce in the last decade. Therefore, due to job shortages there may be a significant number of people who are in occupations that require lower levels of skills and qualifications than those they possess; so the County's workforce should be well placed to drive growth when there are more jobs requiring higher skills and qualifications. This could lead to a significant shift in the County's occupational profile; towards a larger number of workers in mid-level and higher-level jobs in the future. Whilst growth is subdued, it is vital that we retain these well-educated and skilled workers, particularly well-educated younger people, to offset the large proportions of older generations in the workforce that will retire in the next decade. County Durham's qualifications profile is significantly different to that of the North East LEP and England with fewer individuals of working age holding NVQ4+ qualifications. In addition, County Durham has a higher proportion of individuals with NVQ1 or no qualifications.

### **Programmes of support**

- 22 The County Council has a responsibility to support the creation and take up of jobs across County Durham by identifying labour force priorities and raising awareness of opportunities with employers and existing and/or potential employees. The scope of the service includes: activity to track new and emerging economic sectors; engaging with funders, employers, higher and further education, work based learning providers and schools to ensure the continued availability of a competitive workforce.

- 23 Partnership arrangements are firmly in place to deliver services with Jobcentre Plus (JCP), National Apprenticeship Service (NAS), National Careers Service, North East Local Enterprise Partnership (NELEP) and the Area Action Partnerships and include:
- Generation North East Programme
  - County Durham Apprenticeship Programme
  - Teen Parents Apprenticeship Programme
  - Anti-Poverty Employment/Self-Employment Programme

### **Generation North East Programme**

- 24 This programme provides an opportunity to test out local models of business engagement, to change the conversation with employers – to drive up opportunities for young people and business engagement with the wider support system. The objectives of the programme are:
- To put employers at the forefront of meeting their future workforce needs
  - To drive up opportunities for young people's employment and development
  - To implement a simplified and coordinated package of high quality support by all stakeholders in the employment and skills agenda
  - To broaden and deepen business relationships between stakeholders. Particularly local authority teams with the wider business community in order to support economic growth.
- 25 The object of the programme is to start a dialogue with businesses, not to sell a service, but to engage them in the process of improving the employment prospects of younger people. The programme proactively supports both sides of the equation, with the aim of making it easy for businesses to provide opportunities for young people.
- 26 Generation North East has been introduced as a locally responsive programme to provide additional employability support to young people (18-24), with the aim of increasing off-flows into work. The programme has established stronger working relationships with JCP and has introduced activity which will be rolled out as part of the ESF Programme under the Youth Employment Initiative from November 2015 onwards.
- 27 The project provides one to one tailored support for the target group to achieve sustained employment. The principle of the model that has been developed is to co-ordinate a programme of pathways into employment; enable workless people to access opportunities and build the skills that lead to sustainable employment and work with local employers to identify staffing needs to help fill vacancies from the target group.

## **County Durham Apprenticeship Programme**

- 28 This provides a £1,000 top up to the AGE 16-24 to provide a grant of up to £2,500 to County Durham based SME's with less than 50 employees to create additional apprenticeship or job opportunities for unemployed 16-24 year olds who are residents of the County. This initiative is available countywide and will focus on various wealth creating sectors that will add the most added value to the local economy. This is not an exhaustive list although we are keen to maximise apprenticeships in the following areas: Engineering, Electrical, Plumbing & Heating, Construction related e.g. Bricklaying, Joinery, Plastering, Painting & Decorating etc, Teaching, IT, Accountancy, Health & Social Care, Tourism/Hospitality & catering (exc bar/waiting staff), Professional & Scientific.

## **Teenage Parents Apprenticeships**

- 29 Funding is available to create 2-year apprenticeship opportunities for teenage parents (both male and female) who are aged 16-19 years old and are a resident of County Durham.
- 30 Employers will be able to access £4,500 payable in 2 instalments, £2,500 after 13 weeks and £2,000 after 15 months, if they recruit eligible teenage parents into an apprenticeship opportunity. Furthermore, young people will potentially be able to access up to £1,000 to contribute towards childcare or travel costs for the first 3 months of employment.

## **Anti-Poverty Employment / Self-Employment Programme**

- 31 Funding is available to support those individuals most disadvantaged by welfare reform including: Under occupancy (bedroom tax), Benefit cap, ESA WRAG, Private rented sector, Ex-forces and Women returners.
- 32 A Wage Subsidy of £2,000 will be available to encourage an employer to create an employment opportunity for a disadvantaged individual affected by Welfare Reform. The subsidy will be split with £1,000 paid after 3 months and the remaining £1,000 after 12 months employment. Furthermore, a discretionary fund will be available for individuals to access to contribute towards the costs of training that will help them enter employment.

## **Reviews by other local authorities**

- 33 For the information of the committee the following scrutiny reviews have been undertaken by local authorities:
- Scrutiny review report – 'Closing the Skills Gap' was undertaken By Birmingham City Council in December 2012. The review looked at how the city can play its part in closing the skills gap to increase employment and boost the economy, earlier work had identified the low level of skills in the city as a major weakness in the local economy.

[http://www.cfps.org.uk/library?item=8236&filter=economy&filterfrom=issue\\_name&match\\_all=true&offset=0](http://www.cfps.org.uk/library?item=8236&filter=economy&filterfrom=issue_name&match_all=true&offset=0)

- Scrutiny inquiry report – ‘Maximising powers to promote, influence and create local employment and skills opportunities was undertaken by Leeds City Council in May 2012. The report provides an overview on Leeds City council’s vision to create jobs and enhance skills. The report also provides detail of how the council and partners support people into work and raise the city’s level of skills.  
[http://www.cfps.org.uk/library?item=10671&filter=economy&filterfrom=issue\\_name&match\\_all=true&offset=25](http://www.cfps.org.uk/library?item=10671&filter=economy&filterfrom=issue_name&match_all=true&offset=25)
- Scrutiny review report – ‘Whether the resident workforce in Portsmouth has the requisite skills to satisfy the current and future needs of the city, its residents and local employers was undertaken by Portsmouth City Council in March 2012. The review looked at whether the people of Portsmouth have the requisite skills to satisfy current needs and to identify the skills needed to build a strong economic future for the city, its residents and local employers.  
[http://www.cfps.org.uk/library?item=7946&filter=economy&filterfrom=issue\\_name&match\\_all=true&offset=25](http://www.cfps.org.uk/library?item=7946&filter=economy&filterfrom=issue_name&match_all=true&offset=25)

## Terms of Reference

### Background

- 34 The Economy and Enterprise Overview and Scrutiny Committee as part of the work programme for 2014/15 received an update on the work of Business Durham which together with a number of media items reinforced with members the success of County Durham in attracting inward investment in recent years with a number of major companies locating in the county and a number of established companies expanding. The committee has also received as part of the 2014/15 work programme a report and presentation providing an overview of skills development within the county which included information on the role of DCC in relation to skills development, various skill support programmes within the county, skill priorities (nationally, regionally and locally), skill issues (nationally, regionally and locally) and skill priorities for 2015. When considering the report and presentation members commented that some employers within the county had expressed concern that the current workforce does not have the skills they require. Members were concerned that a lack of required skills could be preventing local people from accessing employment opportunities available within the County.
- 35 When considering the refresh of the committee’s work programme for 2015/16, members considered it timely to undertake a focused scrutiny review looking at the role and performance of Durham County Council working in partnership to support skills development within County Durham.

## **Aim**

- 36 The aim of the review is to investigate and understand the role and performance of DCC in supporting skills development within County Durham, examining how it works in partnership, any gaps in current skills support provision and identify future skill priorities for the County.

## **Objectives**

- 37 The review will cover the following objectives:
- Consider and understand the current approach to skills development at a national, regional and local level including current funding arrangements.
  - Examine the existing skill base of residents within County Durham and compare to the regional and national skill base.
  - Consider and understand the role and performance of DCC and key partners in supporting skills development within the county including detail of various projects/initiatives.
  - Examine how DCC engages with key partners including the National Careers Service, Business Education Board, FE colleges, specialist learning providers, employers and the County Durham Economic Partnership (CDEP) to support skills development within the County.
  - Identify any skill gaps or barriers to fulfilling skill needs in the County.
  - Examine any actions identified to meet skill gaps and consider future skill priorities.

## **Scope**

- 38 The focus of the review will be skills development within County Durham, looking at how DCC works with key partners to support skills development in County Durham and ensure that the workforce has the necessary skills to meet the skill requirements of local employers. Whilst outside of the main scope of the review, the review will examine the role of the North East Local Enterprise Partnership (NELEP) and the North East Combined Authority (NECA) to provide a regional context to skills development. The review will reference apprenticeships as a vehicle for improving and developing employment skills, however, this will not be examined in detail as a bespoke piece of work on apprenticeships is to be undertaken by the committee and is included within the 2015/16 work programme.

## **Approach**

- 39 The review will consist of six meetings with members receiving verbal and written evidence via reports and presentations from officers within Regeneration and Economic Development (RED) and Children and Adults Services together with discussions and presentations from key partners including the National Careers Service, FE colleges, specialist learning providers, Business Education Board, employers and the CDEP. In addition, two visits are planned for members to see the type and level of skills support provided within the County.



## **Membership**

- 40 The membership of the Scrutiny Review group will consist of members of the Economy and Enterprise Overview and Scrutiny Committee and will be no more than 10 including the Chair and Vice-chair of the Overview and Scrutiny Management Board and the Chair and Vice-chair of the Economy and Enterprise Overview and Scrutiny Committee.

## **Reporting**

- 41 On completion of the evidence gathering and formulation of the recommendations a report will be drafted for submission to Cabinet and the County Durham Economic Partnership.

## **Timescale**

- 42 The review will commence in November, 2015 with the aim of reporting to Cabinet in July 2016.

## **Recommendation**

- 43 Members of the Economy and Enterprise Overview and Scrutiny Committee are recommended to:

Agree the terms of reference as set out in paragraphs 34-42.

## **Background papers**

Economy and Enterprise OSC report - Overview of skills development in County Durham – 20 February, 2015.

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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**

## Skills Development supported by DCC within County Durham – Scrutiny Review – PROJECT PLAN

WHEN Times/Dates/ Locations	DESIGNATED LEAD Member/ Officer	WHO Key Witness	WHAT Evidence/Information	HOW Meeting/Visit/ Correspondence/ Briefing Paper/ Research	OUTCOMES	WHY
23 November, 2015 9.30am Committee Room 2	Cllr Crute/Diane Close	Graham Wood/John Tindale  (RED)	Detail of current approach to skills development at national/regional and local level including identifying key strategies/policies and the role of key partners together with detail of the funding structure.	Meeting (presentation)	Members will have received background information in relation to the approach to skills development, detail of funding structure, key strategies/policies and the role of key partners nationally, regionally and locally.	Members will have knowledge of the current approach to skills development, the funding structure, key strategies/policies and the role of key partners at a national, regional and local level.
28 January 2016 9.30am Committee Room 1(B)	Cllr Crute/Diane Close	Graham Wood/John Tindale  (RED)	Information of employment trends on a national, regional and local basis including employment sectors, qualifications and projections by sectors together with identified skill priorities and issues.	Meeting (presentation)	Members will have received detail of: employment trends; comparisons at a national, regional and local level; identified skill priorities and issues.	Members will be aware of: comparisons in relation to employment trends at a national, regional and local level; identified skill priorities and issues.
2 February, 2016 9.30am Farnham Room	Cllr Crute/Diane Close	Graham Wood/John Tindale  (RED)	Detail of the role and performance of DCC in supporting skills development within County Durham, identifying key partners at national/regional and local level, how DCC engages with partners, examples of various skill initiatives/projects in which DCC is involved and skills performance information.	Meeting (Presentation)	Members will have received information of the role and performance of DCC in supporting skills development within County Durham.	Members will have detailed knowledge of: the role and performance of DCC in supporting skills development, in the County including how DCC engages with key partners; examples of various skill initiatives/projects and relevant skills performance information.
16 February 2016 9.30 am Committee Room 2	Cllr Crute/Diane Close	Linda Bailey  (CAS)	Detail of the role of the progression and Learning team in supporting skills development within the County via the Youth Employment Initiative (YEI).	Meeting (Presentation) and discussion with partners	Members will have received detail of the projects and initiatives being developed within County Durham to support skills development which will be EU funded via the YEI.	Members will be aware of the projects and initiatives being developed within County Durham which will be EU funded via the YEI.
		Partners including: National Careers service (Jenny Kitching)  Business	Information from key partners on how they engage with DCC and other key partners to support skills development within the County, their role in relation to IAG, skills support and development, any projects/initiatives in which they are involved and any gaps in provision which they have		Members will have had the opportunity to discuss with key partners current skills support within the County, how they engage with key partners, how they deliver IAG and training, detail of any projects/initiatives in which they are involved and any gaps they have identified in	Members will be aware of the role of key partners within the County in relation to: skills development and support; their involvement in various projects/initiatives and any gaps they have identified in provision.

# Skills Development supported by DCC within County Durham – Scrutiny Review – PROJECT PLAN

WHEN Times/Dates/ Locations	DESIGNATED LEAD Member/ Officer	WHO Key Witness	WHAT Evidence/Information	HOW Meeting/Visit/ Correspondence/ Briefing Paper/ Research	OUTCOMES	WHY
		Education Board (John Cuthbert)  FE Colleges (David Brough – B/A College)  (Natasha Francis - New College Durham)  Specialist Learning Providers (Infinite Learning and Development – Keith Corbett)	identified.		provision.	
8 March, 2016  9.30am Committee Room 1(A)	Cllr Crute/Diane Close	Partners Including:  CDEP (Sue Parkinson)  Employers (Altec Engineering LTD - David Steel) Esh Group – Tricia Mullen)	Information from key partners on how they engage with DCC and other key partners to support skills development within the County, their role in relation to IAG, skills support and development, any projects/initiatives in which they are involved and any gaps in provision which they have identified.	Meeting (presentation) and discussion with partners	Members will have had the opportunity to discuss with key partners current skills support within the County, how they engage with key partners, how they deliver IAG and training, detail of any projects/initiatives in which they are involved and any gaps they have identified in provision.	Members will be aware of the role of key partners within the County in relation to: skills development and support; their involvement in various projects/initiatives and any gaps they have identified in provision.
24 March, 2016 10.00am Committee	Cllr Crute/Diane Close	Graham Wood/ John Tindale	Information on skill gaps or barriers to meeting skill needs identified by DCC and partners. In addition, any identified action to address gaps in	Meeting (presentation) and discussion	Members will have received detail of and had the opportunity to discuss with DCC officers skill gaps or barriers to meeting skill needs within	Members will have identified: any skill gaps or barriers to meet skill needs within the County; actions already identified to

## Skills Development supported by DCC within County Durham – Scrutiny Review – PROJECT PLAN

WHEN Times/Dates/ Locations	DESIGNATED LEAD Member/ Officer	WHO Key Witness	WHAT Evidence/Information	HOW Meeting/Visit/ Correspondence/ Briefing Paper/ Research	OUTCOMES	WHY
Room 1(A)		(RED)	provision and consideration of future skill priorities for County Durham.		the County, any action already identified to address gaps or barriers and how this has been reflected in future skill priorities for the County.	address any skill gaps or barriers and future skill priorities.
5 April, 2016 Leaving at 9.30am visit	Cllr Crute/Diane Close	TBC	Members will visit key partners within the County and receive information/detail of the type/level of skills support provided.	Visit	Members will have had the opportunity to see the type and level of skills support provided by key partners within the County.	Members will have seen the type and level of skills support provided by key partners in the County.
25 April, 2016 Leaving at 9.30am visit	Cllr Crute/Diane Close	TBC	Members will visit key partners within the County and receive information/detail of the type/level of skills support provided.	Visit	Members will have had the opportunity to see the type and level of skills support provided by key partners within the County.	Members will have seen the type and level of skills support provided by key partners within the County.

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