

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 **Friday 8 January 2016** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Armstrong, A Batey, J Clare, J Cordon, M Davinson, B Kellett, J Maitland, H Nicholson, A Patterson, P Stradling and A Willis

Co-opted Members:

Mr T Batson

Also Present:

Councillors N Foster and E Tomlinson

1 Apologies for Absence

Apologies for absence were received Councillors T Henderson, O Temple, S Zair and Mr I McLaren.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meeting held 29 October 2015 and 16 November 2015 were agreed as a correct record and were signed by the Chairman.

4 Declarations of Interest

There were no Declarations of Interest.

5 Items from Co-opted Members or Interested Parties

There were no items from Co-opted Members or Interested Parties.

6 Media Relations

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes). The articles included: North East tourism groups joining together as part of a £10 million drive to boost the region's international profile and opportunities to tap into the Northern Tourism Growth Fund; Sunderland and Durham venues being among winners and runners-up in the North East Tourism Awards; The Esh Group developing a training centre at Bowburn, a base for their apprenticeship training programme noting over 100 apprentices in the last 2 years; and a statement from the Prime Minister as regards the public sector having to pay to take on 200,000 more apprentices in order to deliver on the Government's election manifesto commitments of delivering 3 million apprentices by 2020.

Resolved:

That the presentation be noted.

7 Housing Strategy - Update

The Chairman introduced the Principal Policy Officer, Graeme Smith who was in attendance to give an update as regards the Housing Strategy for County Durham (for copy see file of minutes).

The Principal Policy Officer reminded the Committee of the previous update in relation to the Housing Strategy and the questions that Members had raised at that meeting. It was noted that the County Durham Housing Strategy comprised of 3 elements: the Strategy Document, 2015-2020; the related Action Plan to deliver the Strategy; and the partnerships in place to be able to deliver the Strategy, working with a range of partners across the county. Members were referred to a structure diagram, showing the aims, objectives and issues associated with the strategy, with the overarching aims of "Altogether Better Delivery and Standards", representing place, and "Altogether Better Housing Support", representing people. Members noted that the issues fell across several areas, some involving planning policy, Durham Key Options (DKO), the Anti-Poverty Strategy and the Housing Solutions section.

Members were reminded of the interim report on the County Durham Plan (CDP), now quashed, and that this had implications for the Housing Strategy, with the evidence base requiring a refresh to update in respect of recent policy changes: "Fixing the Foundations: Creating a more prosperous nation" and the proposed Housing and Planning Bill. Councillors noted that accordingly, the Housing Strategy would be updated, incorporating those legacy actions from the previous strategy while adding new actions as they are developed. It was added that a new partnership structure would be developed with existing partners, aligning with the emerging Strategy and Action Plan.

In terms of the questions raised previously by the Scrutiny Committee, the Principal Policy Officer noted the main issues had been: type and mix of housing; affordable housing; and the private rented sector.

Members noted that the Housing Strategy would seek to support the delivery on an appropriate type and mix of housing, based on the current type and mix and informed via discussion as part of the determination of planning applications. Councillors noted information on property type and property size by delivery area, with East Durham having the largest proportion of single bedroom properties in the county.

In terms of affordable housing, the Principal Policy Officer explained that data from the Strategic Housing Market Assessment (SHMA) had identified a net shortfall of 674 affordable dwellings across County Durham each year with demand exceeding supply. It was noted that the reasons for the need for affordable housing varied across the county with: the greatest need being within the central delivery area; there being a demand for 1 and 2 bedroom properties in the north and east of the county; and the western and southern delivery areas older persons make up the need for affordable housing. Members learned that the Housing Strategy would provide the context for the Council's approaches to deliver affordable housing and that delivery would be via Section 106 Agreements as part of planning permissions and via public subsidy.

Members noted that the private rented sector averaged at around 20% of the housing stock across the county and that there were variations in quality with the private rented sector. It was added that the Housing Strategy would seek to improve standards of accommodation and management practices, and to implement initiatives to support improvements to homes. Councillors noted that the landlord accreditation scheme would hopefully lead to improvements in property management and standards. Members were referred to a map detailing the change over time in terms of private rented accommodation, noting the largest increases in towns and urban areas, with decreases in the south and west of the county.

The Chairman thanked the Principal Policy Officer and asked Members for their questions, noting that the Government were holding a late night session at the Houses of Parliament in respect of the Housing and Planning Bill. He continued by expressing concerns about the delivery of affordable homes in the future as a result of Government's proposals in the Bill and that it was important going forward to understand the impact of changes in policy for our local communities and that once further information was known, it would be useful for Members to have a seminar.

Councillor J Armstrong noted the Prime Minister's recent response to a question on the definition of affordable housing where he had stated it was "whatever a person can pay" and noted the great disparity between house prices in the north and south of the country, also in the context of welfare changes.

Councillor E Adam noted the a recent Local Government Association (LGA) report had highlighted an issue with land that had planning permission granted, however, was not being built upon and asked whether there was any such land in County Durham. The Principal Policy Officer noted that models were used in terms of how to deliver housing to the market and that the Council would assess the likelihood of a scheme to be delivered at the planning stage, though it was added that this did not seem to be an issue in County Durham. Councillor E Adam added that as land was being released in more rural areas for economic development, such as the Hitachi site, was there being more land released in order to match the housing demand these site would generate. The Principal Policy Officer noted that this would be a planning policy issue, however, it was noted that land would be released accordingly in order to create sustainable locations.

Councillor J Clare noted that it was important that if Planning Officers are using such strategies and policies in their negotiations with Developers, then it was important that Planning Committee Members were made aware and received the necessary training. Councillor J Cordon also asked as regards any progress being made in respect of the CDP. The Overview and Scrutiny Officer explained that an update was planned for the meeting of the Committee to be held 28 June 2016.

Councillor J Armstrong asked whether funding to secure affordable housing would be via Community Infrastructure Levy (CIL) if Section 106 Agreements were being replaced. The Principal Policy Officer noted that CIL and Section 106 Agreements were different funding pots, with CIL being to support infrastructure and Section 106 Agreements to support other issues, such as affordable housing. It was added that Government had stated that only a fixed number of Section 106 Agreements would be allowed. Councillor J Armstrong added that there were other models in terms of providing types of affordable housing, such as those being put forward by Derwentside Homes. The Principal Policy Officer noted models such as the Prince Bishop's Model, and though not technically affordable homes as per definition, it represented a method by which to give the type and mix of housing to help meet housing need, recognising that there were also other models available. The Chairman noted that there was a need to be clear in terms of affordable housing for Members at Planning Committee and Councillor J Clare added that it was important as issues could be contentious, with strong local feeling and representation at Committee, and therefore the issues around affordable housing should be highlighted and made transparent.

Councillor J Maitland noted the Landlord Accreditation Scheme and commented that "good" landlords would already be signed up to the scheme and asked whether there was any way to encourage those landlords with issues to improve their provision and sign up to the scheme. The Principal Policy Officer noted it was a voluntary scheme however he would speak to colleagues in the relevant section as regards this.

Councillor H Nicholson noted that he and other Members had asked on several occasions as regards the position in terms of empty homes, given that the CDP was not yet in place and the National Planning Policy Framework (NPPF) was generally in favour of new development, and with saved Local Plans being out of date. The Principal Policy Officer noted that he could look into the figures but believed that the average vacancy rates across the county were around 4.1% and that while there was some churn, the Strategy would look to tackle the longer term empty properties. Councillor H Nicholson requested detail of the number of empty properties within the County if possible on an area basis.

Councillor J Clare noted that Members at Planning Committees were aware of the age of the saved Local Plans and that the refresh of the CDP had yet to be completed and therefore there was a reliance on the NPPF. The Chairman added that Members would have look at each application and weigh each against current planning policy.

Councillor M Davinson noted that in respect of empty homes, while the average across the county was 4.1%, the average in South Moor, Stanley was 8.6% with a number of properties having been unable to be sold in the past and then bought up cheaply by landlords. Councillor M Davinson asked if a map similar to that for private rented sector could be produced to show terraced housing within the county to see if there was any correlation.

Councillor M Davinson felt that a way to encourage more participating landlords in the accreditation scheme would be not to charge, noting that the pilot scheme had been free and had worked very well.

Councillor A Patterson asked as regards Paragraph 8 to the report, what the 13 actions carried over from the previous Action Plan were. The Principal Policy Officer noted that they were reported to the Housing Forum, comprising of Officers and Members, and they were longer-term actions that had carried over. Councillor A Patterson requested that a copy of the 13 actions be provided.

Mr T Batson asked as regards Town and Parish Council involvement in the consultation for the CDP and what flexibility would be built in the application of the CDP once in place. Mr T Batson also asked as regards transport and mobility issues and how these were considered when looking at potential housing schemes. The Chairman noted that each planning application would be judged on its own planning merits, with the strategies and policies being the framework by which to reach a decision. The Principal Policy Officer explained that local needs were factored into decision making and that there was always the opportunity for objectors to speak at Committee in respect of larger developments and schemes. In respect of transport, the Principal Policy Officer noted that this was part of the sustainable development assessment made on each application, again any evidence forming part of any presentation to Members should the application be considered at Committee. Several Members noted that it was for Local Councillors to be aware of applications in their areas and to judge when it may be appropriate to look to have an application brought forward to a Planning Committee for consideration.

Councillor J Clare noted that, in terms of sustainability of developments, it was important to consider the necessary facilities to support development, however, it was also important for existing communities to have sufficient people living in those communities to support the existing businesses and facilities.

Councillor E Tomlinson, Portfolio Holder for Housing thanked Members of the Committee for highlighting several matters, highlighting the complexity of the issues faced in County Durham and reiterated that, with Government making changes to policies and bringing forward new legislation, issues would need to be looked at in the context of those changes.

Resolved:

- (i) That the content of the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress update on the Housing Strategy as part of the future work programme.
- (iii) That a Members' Seminar be arranged providing an overview of the key elements of the Housing and Planning Bill.

8 Quarter 2, 2015/16 Revenue and Capital Outturn

The Chairman introduced the Finance Manager, Resources, Azhar Rafiq to speak to Members in relation to the Quarter 2 2015/16 Revenue and Capital Outturn (for copy see file of minutes).

The Finance Manager noted for the Quarter 2 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 £0.632 million at Quarter 2 2015/16 against a revised annual General Fund Revenue Budget of £26.448 million. 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 were some residual transactions reflecting a short period of activity in 2015/16.

As regards the Capital Programme 2015/16, the Finance Manager explained that the actual spend to date was reported as £9.617 million with the revised budget being £42.215 million. Members noted a breakdown of the major capital projects in terms of 2015/16 were given at Appendix 2 to the report, noting 138 capital schemes being overseen by 25 Project Delivery Officers.

The Finance Manager noted issues from the previous year, including: ongoing security costs at a former school site; under-occupancy of business units; issues as regards a collapsed building at Bishop Auckland; and units at Millennium Place, those coming to market now.

The Chairman thanked the Finance Manager and asked Members for their questions on the Quarter 2 finance report.

Councillor A Patterson requested clarification as to what action was being undertaken in relation to security costs at Whinney Hill School and how was DCC increasing occupancy in rental units at Newgate and Bracken Hill. The Finance Manager responded by saying that RED colleagues were trying to get premises occupied and in relation to the School, the Council had an obligation to protect these empty premises whilst it worked with partners for an appropriate disposal solution.

Councillor Neil Foster, Portfolio Holder for Economic Development noted that Business Durham were working to offer incentives as regards business units, however, not offering reduced business rates as this did not encourage businesses to invest in properties. It was reiterated that the units at Millennium Place were coming to market and new businesses were moving in at Bracken Hill.

Resolved:

That the report be noted.

9 Quarter 2, 2015/16 Performance Management Report

The Chairman thanked the Performance and Planning Manager, Regeneration and Economic Development, Graham Tebbutt who was in attendance to speak to Members in relation to the Quarter 2, 2015/16 Performance Management Report (for copy see file of minutes).

The Performance and Planning Manager reminded Members of the different types of indicators reported, Tracker indicators and Target indicators.

Councillors noted that some of the key achievements in Quarter 2 included several linked to housing: the number of affordable homes delivered being significantly above target and the number of empty properties being brought back into use exceeding target. Members learned that the number of private sector properties improved through Local Authority intervention had increased, since the last quarter, though was behind target, however the figure was higher than the period last year. It was added that the success rate for adult skills funded provision had improved from the previous academic year and was higher than the national average.

Members noted information relating to Tracker Indicators including: an increase in comparison to the figures from last year in terms of net homes completed; a increase in the number of homelessness preventions and a decrease in the acceptance of a statutory homelessness duty; and a general improvement in tourism indicators, including an increased number of visitors and an increased visitor spend, albeit with a slight decrease in the number of jobs supported by the tourism industry.

Members noted progress with Council Plan actions, such as: the CDP being withdrawn to allow for a refresh and resubmission for public examination in early 2016; Phase 1 improvements to Consett town centre having been completed ahead of schedule and Phase 2 works to commence; and the further progress in terms of the Digital Durham Programme.

It was added that the key performance issue for the theme were: the proportions of major and overall planning applications being determined within deadline, in the context of the number major and overall planning applications having increased this quarter; the number of potential jobs secured or created as a result of Business Durham activity improved, though just below target; and a reduction in the number of apprenticeship starts funded through the Council in comparison to last year, noting that a bid for European Funding in this respect was ongoing and if successful could see a programme of apprenticeship starts begin in February 2016.

Members noted the Tracker Indicators set out within the report including: a slight increase in the employment rate, a decrease in the number of Job Seekers Allowance (JSA) claimants aged 18-24 in comparison to last year; and a slight decrease in those accessing JSA for one year or more. It was added that the proportion of people out of work who wanted a job had improved since the last quarter, however still remained worse than the England, regional and nearest statistical neighbour averages. The Committee noted that there had been a reduction in the number of applications registered on DKO leading to a successful re-housing.

Councillors noted several key Council Plan actions that had not achieved target included: a delay in establishing planning consent for Aykley Heads from May 2016 to June 2016; a revised timescale for the construction of the railway station at Horden, from August 2017 to November 2017; a delay in the Heritage Lottery Fund (HLF) application for the historic quay at Seaham from October 2015 to January 2016; a delay on the delivery plan for Seaham with the Homes and Communities Agency, planning permission expected in July 2016 for works on site in January 2017; and a delay in respect of a programme of works being agreed for Festival Walk at Spennymoor, negotiations still ongoing. Members noted an action that had been deleted was the restoration of the former boy's grammar school at Bishop Auckland as a HLF application had been declined, noting a meeting with HLF as regards further options will be held.

The Performance and Planning Manager concluded by reminding Members of the agreement signed in October 2015 as regards the devolution of powers to the North East Combined Authority (NECA) and the next steps in terms of governance arrangements, including a poll of residents' views, with letters to go out 11 January 2016.

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

Councillor M Davinson referred to page 36 noting that a 2.1% improvement to the employment rate of 66.7% would be 68.8%, not 68.1% as stated. Councillor M Davinson asked for clarification as regards the number of affordable homes and net homes completed. The Performance and Planning Manager noted that the affordable homes brought forward could include existing properties that were made affordable, net new home were new properties where some may be affordable. Councillor M Davinson requested definitions for affordable homes and net homes completed.

Councillor J Clare noted the balance required when looking at tourism and mineral extraction, noting opencast developments and the tension faced by Members at Planning Committee. Councillor H Nicholson noted that an opencast site at Shildon that had completed and been restored to a high standard, having been of benefit to the local community, however, each application would need to be judged on its own merits.

Councillor E Adam noted that the figures in connection with tourism were positive, justifying the investment DCC had made in Visit County Durham (VCD), and asked as regards the figure on page 47, decreasing visitor numbers. The Performance and Planning Manager noted that the figure on page 33 was the statistical calculation that all Local Authorities used, with the figures on page 47 being directly from source. It was added that a number of visitors stay with family and friends and that the figure on page 47 represented core, paid attractions, though noted this was an issue for the service to look at.

Councillor J Armstrong noted that he believe the letters as regards a poll on the future arrangements for the NECA were to go out 14 January 2016, not 11 January 2016 as stated by the Officer. The Performance and Planning Manager noted he would check as regards the date and Members would be contacted as regards the correct date.

Resolved:

That the report be noted.

10 Review of Council Plan and Service Plans

The Chairman asked the Corporate Scrutiny and Performance Manager, Tom Gorman to speak to Members in relation to the Review of the Council Plan and Service Plans (for copy see file of minutes).

The Corporate Scrutiny and Performance Manager referred Members to the report noting the refresh of the Council Plan for 2016-19 and the associated draft objectives and outcomes. It was added that while there were no proposed changes to the performance indicator set, there was work ongoing regarding the indicator set. It was added that it was proposed that targets would remain the same, until after any new indicators were developed, with target setting to follow accordingly.

Members noted that as changes to benefits came into effect, the reporting of JSA figures would be phased out and replaced with reporting based on Universal Credit (UC), however there would be a need to understand what those new figures represented. It was explained that the Department for Work and Pensions (DWP) and the Office for National Statistics (ONS) were developing an indicator based upon "claimant count", although currently the figure they produced now was based upon "experimental data". Members were reminded that the current JSA figures were broken down into sub-sets, those 18-24 year olds in receipt and also those claiming for 12 months or more, and new indicators for UC would also include an overall total figure in addition. The Corporate Scrutiny and Performance Manager added that as the unemployment rate was a figure often quoted in the press it was proposed to include this as an indicator, alongside the proportion of the working age population not in work that wanted a job, and that those set of indicators should help to give a more complete picture in terms of employment and benefit claims for the county.

It was noted that there were discussions ongoing as regards the indicator referring to the number of registered businesses in County Durham and whether this should be deleted, and also the number of businesses engaged with by VCD was felt not to be robust and was also proposed for deletion. Members noted that Officers would be looking at the Quarter 2 figures to see whether the targets set were realistic and robust.

The Chairman recalled that in the past there had been special sessions with all Scrutiny Members in looking at the indicator sets and target setting and would speak to the Vice-Chairman and Chairman and Vice-Chairman of the Overview and Scrutiny Management Board as regards this. The Chairman noted that indicators referring to VCD were listed as tracker indicators, however, as VCD was part of the Council he asked whether it should be listed as a target indicator. The Corporate Scrutiny and Performance Manager noted as regards the VCD indicator and would discuss with the Service Grouping. The Chairman noted the review of the Council's Regeneration Statement coming next year and that this should reflect and compliment the Council Plan.

Councillor J Clare noted that while the indicator referring to the number of businesses engaged with by VCD may not be robust in terms of the tourism economy, the indicator could be seen as an indication of the performance of VCD. The Chairman referred to the recently completed scrutiny review looking at marketing undertaken by VCD which had made recommendations in relation to performance indicators for VCD and commented that indicators should not be removed.

Councillor J Armstrong noted that he would liaise with the Head of Planning and Performance and the Corporate Scrutiny and Performance Manager and come back to the Committee as regards indicators.

Resolved:

- (i) That the updated position on the development of the Council Plan and the corporate performance indicator set be noted.
- (ii) That the draft objectives and outcomes framework attached as Appendix 2 to the report be noted.
- (iii) That the comments on the draft performance indicators proposed for 2016/17 for the Altogether Wealthier priority theme contained within Appendix 3 be noted
- (iv) That the comments made by Members on current targets in Appendix 3 and for target setting for 2016/17 onwards be noted.

11 Minutes of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 3 November 2015 were received by the Committee for information.