

## **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 **Monday 25 February 2019 at 9.30 am**

#### **Present:**

**Councillor A Batey (Chairman)**

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

Councillors E Adam, J Atkinson, M Clarke, R Crute, S Dunn, T Henderson, P Howell, S Iveson, P Jopling, L Maddison, J Maitland, R Manchester, R Ormerod, A Patterson, A Reed, E Scott and M Wilson

#### **Co-opted Members:**

Mr G Binney and Mrs R Morris

#### **Also Present:**

Councillor(s) J Clare

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

Apologies for absence were received from Councillors D Hall and P Sexton.

#### **2 Substitute Members**

There were no substitute Members in attendance.

#### **3 Minutes**

The minutes of the meeting held on 10 January 2019 were agreed as a correct record and signed by the Chairman.

#### **4 Declarations of Interest, if any**

There were no declarations of interest.

#### **5 Items from Co-opted Members or Interested Parties, if any**

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

#### **6 Media Relations**

The Overview and Scrutiny Officer presented Members with recent press articles relating to the remit of Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes);

- A rallying call to Durham businesses as County Durham ‘bucks the trend’
- Which option for the future of Durham’s bus station is just the first ticket
- Major cycling event could be coming to County Durham in September
- New Plans for Seaham town centre restoration

## **7 North East Local Enterprise Partnership**

The Committee considered a report of the Director of Transformation and Partnerships, which provided Members of the Economy and Enterprise Overview and Scrutiny Committee with some background detail on the North East Local Enterprise Partnership (NELEP). Members also received a presentation from the Chief Executive of NELEP (for copies see file of minutes) which set out the 4 key growth areas which had been identified by the LEP of Digital, Advanced Manufacturing, Health and Life Sciences and Energy. Reference was made to the key funding streams managed by the LEP and examples reported of the various key capital projects delivered through these funding streams.

Councillor Crute emphasised the importance of skills development and transport connectivity and infrastructure to the economic viability of the region and County Durham and asked how the LEP ensured these were part of the project delivery. He also asked how the region and County would fare from the development of the proposed shared prosperity fund. In response the Chief Executive of North East LEP stated that there was a focus on skills development and careers advice delivered through schools and FE establishments. She indicated that regionally 155 of 170 secondary schools were signed up to the careers advice service. She also indicated that the LEP was in dialogue with Government about the shared prosperity fund although progress on this was being delayed due to current Brexit negotiations.

Councillor Atkinson queried the financial forecast as it was based on income from sites which had not yet been developed. The Chief Executive of North East LEP confirmed that there was a detailed financial model used which involved working with the respective local authorities, looking at what was proposed for Enterprise Zone sites, resulting in the generation of a future business rate income from the various Enterprise Zones sites. Calculations on future business rates were made on the size of the site and the value of the site on completion. There was a risk, but the maximum spend was £150m and it was confirmed that local authorities had entered into legal agreements with regard to the management of funding and contingencies were in place to ensure that money was pooled to cross fund if necessary.

In response to comments from Mrs Morris with regards to a lack of jobs and productivity, the Chief Executive of NELEP advised that there was a list of key performance indicators which confirmed that the figures were improving, but not as quickly as desired and that the relevant KPIs could be circulated to the Committee. The reason for the lag was debatable, but she advised that Brexit was a concern for businesses as it was predicted that the North East would suffer the worst impact. With regards to selling and advertising the North East, it was critical to exploit the unique assets of the North East and sell the region to investors. The Local Industry Strategy and the Strategic Economic Plan (SEP) were both key documents. The Chief Executive agreed to circulate the link to the SEP.

## **Resolved:**

- i) That the report and presentation be noted.
- ii) That the North East LEP be invited to a future meeting of the Committee to share a further update on the work of the North East LEP.

## **8 County Durham Skills Strategy**

The Committee considered a joint report of the Director of Transformation and Partnerships, Corporate Director of Regeneration and Local Services and Corporate Director of Children and Young Peoples Services, which provided Members with an update on progress against the targets which were originally set in the Skills Strategy, and policy developments which would inform decisions regarding the future direction of a Skills Strategy for County Durham.

Members also received a presentation from the Strategic Manager Progression and Learning and the Economic Development Manager (for copies see file of minutes).

Councillor Crute commented on the employment figures which were not broken down enough to confirm the nature of employment. Some people included in those statistics were on extremely low contracted hours, but still classified as employed. The Economic Development Manager confirmed that employment rate figures included full-time, part-time and even those on zero hours contracts. This masked the true picture of employment in the County. It was known that some people entered employment on 6-8 hours per week which did not provide a liveable income. Some further investigation could be made into the GVA (Gross Value Added) figures, to confirm the contribution to Economy per filled job.

The Strategic Manager, Progression & Learning added that part-time employment had reduced from 26% a couple of years ago and was currently estimated at 22.5%. Councillor Crute replied that some people had more than one part-time job and were still struggling to make ends meet and that the employment figures provided did not provide a full representation of the quality of employment in the County.

Cllr Crute asked whether employers in the county took up skills development funding. The Strategic Manager Progression & Learning confirmed that engagement between businesses and schools was promoted by the Durham Education Business Partnership and that there were 80 business ambassadors visiting year 11 pupils in schools to assist with the development of employability skills. The number of ambassadors was lower than it previously had been, however this was an area that was difficult to improve. The Economic Development Manager confirmed that European funding had been sought to pursue the North East Ambition Programme, in order to investigate business needs. In addition, the Business Magnates Programme continued and the number of schools participating continued to increase.

Councillor Atkinson referred to the 8.5% cohort with no qualifications, confirming that there were still people who very capable of working, leaving school with no qualifications. This was something which had been demonstrated over many years and there was a need to identify these young people and work with them.

He continued that there were a number of young people with degrees who were employed in roles which didn't require any qualifications and suggested that young people should be targeted sooner to make them aware of all opportunities and options available. He asked what support was available for 50 plus, people were having to work longer, however they may not want to retrain.

The Economic Development Manager added that a lot of employability programmes were aimed at over 50's and 60's, some of whom had potentially found themselves unemployed after many years of working in the same post. There was sometimes difficulty finding employers willing to take them on a trial basis, therefore they were dependant on the labour market having similar posts to the skills they had acquired. With reference to graduates working in lower paid jobs, many were unsure of the employment path they wanted to take. Some would study out of County and not return and this linked to where careers advice/guidance was structured in schools. He highlighted the importance of assisting young people in making a decision which was compatible with the available job market upon completion of their course. The Strategic Manager, Progression & Learning commented that the NELEP was also working on the career gap issue with primary schools.

Councillor Atkinson spoke about the importance of Apprenticeships and his disappointment that there seemed to be such a low take up considering the advantages on completion. The Chairman advised that there also seemed to be a lack of encouragement from parents, which also could have attributed to the decline in numbers.

Mrs Morris referred to the importance of having business representatives on school governing bodies. They would be able to feed information directly to schools on important areas to include in their curriculum. She also considered a skills strategy to be of significant importance and felt disappointed that this was not a priority considering the information given by the NELEP. She referred to recent radio coverage with regards to local authorities who were prioritising a skills strategy. The Strategic Manager Progression & Learning confirmed that there was hesitation in renewing the skills strategy, but no suggestion there was not a need for one. The Business, Enterprise and Skills Working Group led the Skills Strategy and therefore it was for them to determine as to whether there was a skills strategy going forward and that there was uncertainty with regards to a number of policy developments and the reason for the lack of commitment at the current time, however, Members could be taken back to the group. The Economic Development Manager confirmed that some local authorities had been driven to have a skills strategy due to commissioning guidelines.

In response to a further question from Mrs Morris, the Strategic Manager Progression & Learning confirmed that in relation to work related learning, schools did not receive funding from the Council and Governing Bodies were being encouraged to appoint business representatives.

The Economic Development Manager commented on a number of changes which would impact on a skills strategy, therefore it was important to look at the timing of a refresh, to make sure that it reflected the new Strategic Economic Plan.

Councillor Adam was disappointed that there was no confirmed skills strategy considering the work which had been done by the Committee previously and he referred to the figures in the report which were contradictory to the report by NELEP. He also suggested that people were failing to study NVQ's and choosing to study at HNC or HND level instead. The majority of employers in the County were small to medium entities who had no resources or time to train people. There were issues with T Level Pilots failing as employers lacked time and resources, there were also issues with Health and Safety and employers not prepared to take on the responsibility at work experience level. Councillor Adam queried the rationale in trying to create high end jobs as there was a possibility that without the correct skillset, they were being filled by people who did not reside in North East.

The Strategic Manager Progression & Learning confirmed that data for County Durham was considered to have improved with regards to skills and qualifications, but there was still a high number of people without qualifications. The data was resident based and referred to the 100,000 target, confirming that of the 63,000 new jobs already created, it was unknown how many were high level posts.

The Economic Development Manager confirmed that NELEP's rationale was to create more and better jobs and this would act as an anchor to bring more business and retain employees in the area. The Chief Executive of NELEP recognised inclusion and progression was key not only in chasing higher jobs, but ensuing there was a clear pathway in the education system. There was a focus on newer jobs which perhaps were not required before, such as in the digital market, and they were commissioning services to ensure that this area was included.

The Strategic Manager Progression & Learning confirmed that only 7% of the budget was made up with government funding and the overall budget for adult education in the North East was £700,000. The majority of funding was sought from the EU and because it was such a low budget, it was targeted towards adults with no skills. There were concerns with regards to the shared prosperity and how it would be distributed amongst the different areas. The Strategic Manager Progression & Learning would be happy to recommend a new skills strategy, but there had to be a commitment from employers and colleges in order for it to be successful.

In response to a query from Councillor Howell with regards to GVA (Gross Value Added) per skilled job, the Strategic Manager Progression & Learning advised that she would seek further breakdown of information and also with regards to the employment data.

Councillor Howell was optimistic with regards to the T Level Pilots, but queried the lack of recent data and asked how it could be monitored more efficiently. The Economic Development Manager confirmed that the Skills Advisory Panel were looking at getting more recent data however he was aware that some of the data included in the figures was generated by the Local Authority and could only be released following the end of an academic year. Information with regards to the labour market was more up to date. The Strategic Manager Progression & Learning confirmed that the delay was 15 months and the data in the report was from the 16/17 academic year. Information from further education colleges was expected by the end of March and this would give an indication of the number of apprenticeships.

The Economic Development Manager confirmed that in relation to the reduction in apprenticeships, there had been reforms which had impacted on the way that funding was allocated with employers using their own budget.

The Strategic Manager Progression & Learning confirmed that the reduction in apprenticeships may be offset by an increase in Further and Higher Education.

Councillor Maitland noted that there was an age limit of 64 years, however the current retirement age was 67 and this would only increase in future. She queried whether there were opportunities for people outside of the threshold.

The Strategic Manager, Progression and Learning confirmed that there were older learners, but they had to secure alternative funding. The Economic Development Manager confirmed that the National Retraining Scheme could have some influence over the way older people were supported to access qualifications.

**Resolved:**

- i) That the report and presentation be noted.
- ii) That the Economy and Enterprise Overview and Scrutiny Committee include in its future work programme for 2019/2020 a further progress update on the Skills Strategy.

## **9 Skills Development Support in County Durham**

The Committee considered a joint report of the Director of Transformation and Partnerships, which provided Members with an update on the progress made in relation to recommendations contained within the OSC review group report of support provided for skills development in County Durham (for copy see file of minutes).

Cllr Batey referred to the figure of 222 Durham County Council apprenticeships in December 2018 and queried the target for local authorities and the total apprentice figure for the Council. The Business Lead, Organisational Design and Development and Workforce Development commented that the required percentage was 2.3% of total staff which would require DCC to have 378 apprentices.

Councillor Atkinson referred to the importance of keeping young people interested in apprenticeships, as they were a direct route into good quality employment. The HR Business Lead OD/WFD confirmed that apprenticeships were promoted through ex Council apprentice employee case studies, via social media and in schools.

Cllr Batey informed the committee that a recent AAP survey had shown that employment and skills had slipped out of the top three priorities for AAPs. It was confirmed that the top three priority themes across AAPs was now crime and community safety, town centres and supporting older people/social isolation.

Councillor Clare commented on the results of the AAP survey which had confirmed that employment and training was no longer a priority for the public and he was concerned that people no longer felt it was a priority, as they considered it was being dealt with.

He advised that National Apprentice Week was being held from 4-8 March however this had only been conveyed to Members via a recent press release and he suggested information was circulated to Members in advance as they had a community platform to relay information.

Councillor Maddison queried whether the Council were able to monitor statistics with regards to non-Council organisations, who employed apprentices and their rates of retention. The Strategic Manager Progression & Learning confirmed that although frustrating, data was not obtainable following the completion of an apprenticeship. Data within the Council confirmed that 80% of apprentices secured full time employment following completion of their study.

The Economic Development Manager confirmed that there was an overall 75% retention rate after 15 months, however part of the issue was that upon achieving the qualification, employees were able to secure alternative roles. This was a national issue and he also commented that people moving on to better roles was positive.

Councillor Adam referred to the government requirement to publish destination data and with regards to engineering apprenticeships and asked if data could be broken down and provided with regards to the level framework and areas of study. The Strategic Manager Progression & Learning confirmed that the data published was not broken down into particular areas of study. The Economic Development Manager confirmed that Great Aycliffe and Middridge AAP had supported funding directed at Engineering, however it was noted (by Councillor Adam?) that they had pulled out as they were not receiving the quality of programmes and having difficulty finding information on the programmes offered.

In response to Councillor Batey the Principal AAP Coordinator confirmed that there had been an increase in crime and therefore crime and safety was moving back up the agenda. There was concern about the decline of town centres and a need to support older people suffering from social isolation.

Mrs Morris commented that some young people were unaware that they would receive payment whilst undertaking an apprenticeship, although some apprenticeships offered a substantial income. Some however were of a low income and this could be a primary reason for not completing the programme.

#### **Resolved:**

That the report and update be noted.

#### **10 Digital Durham Programme:**

The Committee received a joint report of the Director of Transformation and Partnerships and the Corporate Director of Resources which provided Members with an update on the Digital Durham Programme (for copy see file of minutes).

Mrs Morris queried whether there were any plans to embrace new technology which could provide ultrafast coverage as they had in other Countries. The Head of Digital and Customer Services commented that access to superfast broadband was becoming a necessary utility.

He continued that one of the constraints under the current government contractual arrangements was a price cap per property. He referred to the cost of digging trenches for cables as being significantly more than the price cap in some situations and therefore there was no alternative but to consider new technology. The third contract of the Digital Durham Programme was looking at technologies such as fixed wireless and moving in a different direction.

Councillor Henderson commented that there were particular issues with access to broadband in rural areas of the county and highlighted that there are a lot of cottage industries in the Dales. He continued that the sooner connectivity is extended to these areas the better. He continued by commenting that he was surprised to find that areas such as Shotley Bridge had issues with connectivity.

The Project Co-ordinator responded that the contract only allowed investment in more traditional fixed line broadband however it was recognised that there more needed to be done.

Councillor Reed confirmed that there were still issues in rural communities and some people still had no connection at all. More people were required to work from home and she was aware of one constituent who had moved home because of broadband issues. The Project Co-ordinator confirmed that a limitation of fibre-based broadband was that if a properties telephone line was more than 1500m to the cabinet, there would be a decline in speed. Where this occurred, an additional fibre structure in closer proximity to the property or an alternative technology such as fixed wireless could provide a solution.

Councillor Adam queried how much of the allocated funding was aimed at rural areas. The Head of Digital and Customer Services confirmed that funding was aimed at all areas where commercial operators did not provide a service and that this could only be used for broadband connectivity and not in improving 4G technologies. The funding could however be used to deliver broadband wirelessly if the business case was favourable. Contract 3 was being used to consider how to solve issues in the hardest to reach areas of approximately 5,000 properties.

Councillor Dunn was concerned about the issues of rural properties and connectivity and commented that more and more businesses were enabling staff to work from home and young people needed to access the internet. He was concerned that if rural communities were unable to receive the technology, people would choose to live elsewhere.

The Head of Digital and Customer Services confirmed that there were bids for additional funding however many grants such as the Rural Broadband Fund had spending restrictions.

Councillor Clarke commented that he represented Delves Lane, Consett and had to date never received an email about poor broadband connectivity. In relation to Contract 3 he queried whether it would only look at remote access or whether it would address problem spots in areas where issues had been identified. He also queried how the remaining money would be spent, what the split would be between existing inefficient infrastructure and areas which need new infrastructure to be installed.

The budget was not a considerable budget, given the amount of work that needed doing.

The Head of Digital and Customer Services confirmed that there was an ongoing process considering those with poor or no access and a schedule of properties to target, together with plans of how the properties were going to be connected.

Councillor Clare commented on the positive work already undertaken by Digital Durham but he criticised the contract delivery of Openreach. He then asked for confirmation that there was no new funding for Contract 3. The Head of Digital and Customer Services confirmed that the budget/funding for Contract 3 was money that was left over from the first contract, with a small amount of early gainshare (clawback) as a result of the good take up of broadband services, and potential funding from the Rural Broadband Fund. Councillor Clare commented that more Government funding was required by Government to ensure connectivity in the county.

Councillor Adam commented on savings made due to austerity and queried whether any funding was from the Council, as it was clear that more investment was needed. The Head of Digital and Customer Services confirmed that there was funding from the Council within the Digital Durham programme, but it had to be noted that government funding changes had seen budgets become smaller and were allocated to very specific projects and accessed by a bidding process. Councillor Howell responded that there was a need to determine what the £12m would be spent on before DCC looked to Government for more funding.

**Resolved:**

- i) That the report be noted.
- ii) That the Economy and Enterprise Overview and Scrutiny Committee receives a further progress report on the development of the Digital Durham programme.

**11 Overview and Scrutiny - County Durham Plan and Housing Strategy Workshop**

The Committee considered a report of the Director of Transformation and Partnerships which provided Members with a copy of the Overview and Scrutiny response which has been fed into the ongoing Housing Strategy consultation (for copy see file of minutes).

**Resolved:**

That the report and response be noted.