

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2 - County Hall, Durham** on **Thursday 6 October 2011 at 10.00 am**

Present:

Councillor J Moran (Chair)

Members of the Committee:

Councillors A Naylor, A Barker, C Carr, B Graham, J Hunter, P Jopling, C Potts, J Rowlandson, P Stradling and M Wilkes

Co-opted Members:

Mr T Batson, Mrs O Brown, Mrs A Harrison and Mr D Lavin

Apologies:

Apologies for absence were received from Councillor(s) B Arthur, J Cordon, R Liddle, B Sloan, Andy Turner and A Willis

A1 Minutes of the meeting held 15 July 2011.

The Minutes of the meeting held on 15 July 2011 were agreed by the Committee as a correct record and signed by the Chair.

The Principal Overview and Scrutiny Officer, Stephen Gwilym noted that in relation to the Stock Option Appraisal project, a Special Meeting of the Economy and Enterprise Overview and Scrutiny Committee had been held on 28 September 2011 with the views of the Committee having been captured and fed into the ongoing consultation process.

A2 Declarations of Interest, if any.

There were no Declarations of Interest.

A3 Items from Co-opted Members or Interested Parties, if any.

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

A4 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 of slide, see file of minutes), namely the success of two young men winning a competition and securing apprenticeships places and issues relating to landlords being punished for having empty properties under new proposals from Government.

Councillor P Stradling asked for updates as regards such proposals to be brought to Members at this Committee and Councillor A Barker noted that there should not be a false sense of security in relation to punishments for landlords, noting that the licensing scheme in place at Easington had not prevented problems with empty homes.

Resolved:

That the presentation be noted.

A5 Quarter 1, 2011/12 Performance Management Report:

The Chair introduced the Customer and Services Intelligence Manager, Graham Tebbutt who was in attendance to speak to Members in relation to the Quarter 1, 2011/12 Performance Management Report (for copy, see file of minutes).

The Customer and Services Intelligence Manager explained that whilst now within Quarter 2, the deadline for those figures was not until the following week. Members were reminded of the changes in performance reporting and noted the actions from the Regeneration and Economic Development (RED) Service Plan, information regarding benchmarking and areas of improvements such as progress on delivering Equality and Diversity, Carbon Reduction, Investors in People and in response to external inspections.

The Committee learned that the loss of the Area Based Grant (ABG) funding was significant and that the imminent completion of funding initiatives such as Local Enterprise Growth Initiative (LEGI) would further impact upon performance in the next quarter. Councillors noted the reduction in the number of 18-24 year olds in receipt of JobSeekers Allowance (JSA) and also in the number of total JSA claimants for the County. Members noted that the County Durham Economic Assessment (CDEA) had noted a JSA increase, however, this could be linked to seasonality, some forms of summer employment coming to an end. The Customer and Services Intelligence Manager added that the employment rate of the working age population had steadily reduced over the last 12 months, with the County Durham Economic Partnership (CDEP) noting this as a critical economic indicator. Members also noted that the total number of homelessness presentations had risen significantly in comparison to the same period last year and Members may wish to look at this issue in more detail in the future.

The Customer and Services Intelligence Manager gave Members an overview of the good figures in relation to user perception of cultural events and Local Authority Tenant satisfaction with landlord services.

The Committee noted the improvements in private sector rented properties as a result of intervention by the Council and that the occupancy levels of council owned business support centres was approaching its target of 74%, being at 73%. Members were informed that the target for achievement rate for people enrolled on accredited courses supported by the Council's Adult Learning Service was at 81.2%, very close to achieving the target of 82% with finalised data being due to be published in December 2011.

The Customer and Services Intelligence Manager explained that three key performance issues going forward were:

- Only 75% of major planning applications being processed within the 13 week timescale, below the target of 79.9%, due to several reasons including IT issues, the recent staffing restructure and associated relocations.
- The percentage of bus services running on time, 89.9% with the target being 95%. It was explained that it was thought that there may have been issues on the survey day at two particular bus stations and number of surveys at each location will be increased to improve data quality, notwithstanding if a pattern is established further investigations would be undertaken.
- The number of empty properties being brought back into use through council intervention was 11 over the last period, against a target of 20. Members noted that it was felt that a new approach being taken by the Housing Renewals and Improvement Team which came into effect at the end of July 2011 would begin to impact positively on performance in due course.

In relation to the Actions against the Council Plan, Members noted that 48 of the 49 actions in relation to the Altogether Wealthier theme were either on track or had been achieved. The outstanding action, infrastructure and public transport improvements on the Priority 4 corridor along the A690 was proposed to be deleted from the Council Plan due to funding restrictions. Councillors noted the key updates from the RED Service Plan in relation to the Altogether Wealthier theme and the progress on the Stock Options Appraisal, Members having been made aware of details at the Special Meeting of the Committee. The Committee noted that performance information in relation to the In-house Management Organisation, Durham City Homes and the two Arms Length Management Organisations (ALMOs), Dale and Valley Homes (DVH) and East Durham Homes (EDH) would be reported to Committee from Quarter 2 onward after checks on data quality had been made. The Customer and Services Intelligence Manager concluded by explaining that the key risk to the delivery of the objectives of the Altogether Wealthier theme was the loss of the ABG and other significant risks included the worsening condition of the private housing stock, reduced allocations of grants based on the Council's new deprivation status and diminishing capital resources based upon depressed land values and slow growth in the private sector.

The Chair thanked the Customer and Services Intelligence Manager and asked Members for their questions.

Mr T Batson asked whether training for businesses in relation to “buy local” would include information to help in relation to Small and Medium sized Enterprises (SMEs) being able to take on apprentices. The Economic Regeneration Manager, Graham Wood explained that as part of sustainable procurement, apprentices were encouraged, noting a recent ICT Tender that had secured two apprenticeships within the contract.

Councillor P Stradling asked whether there could be an example given of how the Council’s change in deprivation status had prevented the Council from accessing or being awarded funding.

The Head of Planning, Policy and Performance, RED, Andy Palmer reminded Members of the reasons behind the change in the deprivations status, the amalgamations of the 7 former District Authorities under the Local Government Reorganisation (LGR) for County Durham, and noted that the largest risk was the loss of ABG, not the change in deprivation status.

Councillor M Wilkes noted the figures within the report referring to the number of homes still not at the decent homes standard, and indeed that there had been an increase from 36% to 37%. The Customer and Services Intelligence Manager explained that naturally as properties went through their improvement “life-cycle” they would eventually return to a non-decent standard and require some capital investment and that whilst there had been a slight slippage in respect of the percentage figure, the capital programme for RED included works in order to address those issues. The Manager, Durham City Homes (DCH), Simon Bartlett explained that the way in which statistics were gathered meant that at the end of the financial year, a number of properties would automatically fall into the non-decent category and then an inspection would take place to ascertain if that were in fact the case and accordingly, Quarter 1 always recorded a large number of properties becoming non-decent. Councillor M Wilkes asked what the targets were for non-decent homes across the 2 ALMOs and DCH. The Manager, DCH noted that for DCH and DVH the target was 0%, and for EDH it was higher, with the percentage being around 35% non-decency for EDH currently.

Councillor C Carr asked whether changes in European Grant Funding would affect County Durham and which projects would be affected. The Head of Planning, Policy and Performance, RED explained that there was a series of Masterplans related to Town Centres across the County, with the regeneration of Consett having been considered by Cabinet last month. Members were made aware of pressure to relax funding criteria across the European Union due to the Eurozone crisis and that this would need to be monitored against how funding would be allocated for the RED Capital Programme. The Committee noted that in the slightly longer term, it would be possible for the Council to lobby together with neighbouring Local Authorities for an “intermediary region” post 2013 or for a “Nutt2” region together with Tees Valley and that both these proposals may enable greater access to funding streams. The Economic Regeneration Manager explained that as the land and property market was depressed, capital receipts for the Authority were diminished, meaning less money for capital programmes, although this was true of the private sector and not just for Local Authorities and the public sector, with only food retail seeming to have any growth. Accordingly, Members noted that this was why Masterplans included several types of development in order to include element to ensure medium and long term sustainability. Councillors noted that by the end of the financial year, it was planned for several more Masterplans to be submitted for consideration by Cabinet including ones for Bishop Auckland, Stanley, Seaham and Murton.

Mr D Lavin noted there was an indicator in relation to the percentage of occupation of Council controlled factory unit and asked for more information regarding this. The Customer and Services Intelligence Manager explained that they were not factories, rather council owned units, for office space, retail opportunities and so on.

Councillor B Graham asked if it was possible to have figures relating to the number of local people employed as a result of the DurhamGate project. The Economic Regeneration Manager noted he could look into the figures in that regard. The Head of Planning, Policy and Performance, RED added that at DurhamGate there was a desire to work with the Developer in relation to Targeted Recruitment in order to not only provide jobs in the short term, also in the longer term with a few thousand over the next 10 years.

Councillor C Carr asked whether SMEs were taking on apprentices, as Beamish Museum had, or whether they were finding it too difficult in the current economic climate. The Economic Regeneration Manager noted that this was an element of the Working Group set up by the Committee looking at Increasing the Employment Opportunities for Young People. In addition the CDEP had established a task and finish group looking at how to promote apprenticeships within County Durham including engaging with SME's highlighting the advantages to both the company and the young persons of offering apprenticeships. and that one of several priorities was the roles of brokering and ambassadors for SMEs in order to match young people to opportunities.

Resolved:

That the report be noted.

A6 Forecast of Revenue Outturn, Quarter 1, 2011/12:

The Chair introduced the Finance Manager, Resources, Azhar Rafiq who was in attendance to speak to Members in relation to the Forecast of Revenue Outturn, Quarter 1, 2011/12 report (for copy, see file of minutes).

The Finance Manager, Resources explained that the report followed the usual format for budgetary reports and was the first of the 3 in-year reports, looking at the figures for the first 3 months of the financial year and the projected outturn for the year end. Members noted the three components for the RED budget, those being:

- RED Revenue Budget (General Fund) - £39.617 Million
- Housing Revenue Account (HRA) - £57.631 Million
- RED Capital Programme - £107.064 Million

The Committee noted the underspend of approximately £300,000 for the RED General Fund noting that the key variances broken down by Service areas were in relation to Economic Development, Planning and Transport. The Finance Manager, Resources highlighted the overspend in Business Services of £232,423, noting this was due increased National Non-Domestic Rates (NNDR) costs on vacant units due to a change in rate relief rules.

Members were reminded of the Medium Term Financial Plan (MTFP) savings required for the 2011/12 period and noted that whilst corporately it was a 30% saving, for RED it was approximately 47%. The Committee noted that all areas identified within the MTFP for RED were on track, though the loss of ABG would have a negative effect upon regeneration performance indicators.

The Finance Manager, Resources noted that the HRA was solely funded by rental income and capital receipts from "Right to Buy" sales and not subsidised by Council Tax income. Members learned that the HRA had an overall surplus and that this would be balanced against the overspend in the capital programme in order to reduce the Council's reliance on borrowing.

The Committee noted the items reported under Risk Based or Volatility Reporting with the two areas that were not on track relating to the income from Building Control fees and rental income from Business Space, both due to economic conditions leading to an downturn in activity.

In relation to the Capital Programme, the Finance Manager, Resources explained the differences between current figures and those reported previously to Council and the reasons for the variances, noting that future reporting would include further narrative for Members' information.

Councillors noted the position of Earmarked Reserves for the RED service grouping and noted that the cash limit for RED was expected to rise to £2.7 Million incorporating the 2011/12 forecast underspend and that this money would be retained within RED and not return to the corporate core.

The Chair thanked the Finance Manager, Resources and asked Members for their questions.

Members noted the bad debt write-off of £381,000 within the table on page 31 of the Agenda Paper and queried this amount. The Finance Manager, Resources noted that this was a typographical error, and that whilst the figure was listed as 381 within the column for the hundreds of thousands pounds, the amount was actually just £381.

Councillor M Wilkes asked why there appeared to be costs of approximately £21 Million in relation to agency costs, with the Council employee figure being around £24 Million and if there was a £2.7 Million underspend that would be retained within RED for use supporting the capital programme, was this necessary given that with a budget of around £107 Million, Quarter 1 had only saw a spend of £10 Million against the capital budget. The Finance Manager, Resources explained that the majority of the £21 Million in "agency costs" was in fact subsidy to bus companies for contracted services. Councillor M Wilkes acknowledged this, adding that employee costs of £24 Million seemed to be very high, a third of the budget for in effect "administering" the remainder of the money. The Finance Manager, Resources explained that that RED did not only comprise of regeneration schemes and projects, there were ongoing capital schemes together with statutory services such as Planning, Housing, Transport and indeed the MTFP set out staff savings of around £3.8 Million, equating to over 200 posts to be removed next year, and the number of services reducing within RED from 5 to 4.

The Head of Planning, Policy and Performance, RED added that there was a saving of 33% set out within the MTFP for management and back office staff, though the majority of RED staff worked in statutory services. In relation to the apparently large cash limit, the Finance Manager, Resources explained this allowed flexibility for services to spend over the longer term, for example with Masterplans, and that as the money was ringfenced within RED this enabled better longer term budget planning.

Councillor P Jopling asked whether figures for the shortfall in revenue from industrial units included those owned by the Council and why so many were not occupied, was it an issue of the rent levels. The Finance Manager, Resources explained that the figures related solely to those within the Council's ownership and that a Business Case Study was being developed in relation to this issue by the Business Service Section.

Resolved:

That the report be noted.

A7 Durham City Homes - Update on progress made in relation to recommendations contained in the Scrutiny Review Report 2010:

The Chair introduced the Principal Overview and Scrutiny Officer and the Manager, DCH to give an update in relation to the recommendations contained within the Scrutiny Review Report from 2010 (for copy, see file of minutes).

Members noted the progress made against the report recommendations, with the inclusion of performance reporting from Quarter 2 of DCH, DVH and EDH. The Committee also noted the reference to specific meetings to allow Members to input into the Stock Option Appraisal project, which had resulted in the Special Meeting of the Committee held on 28 September 2011 with Members' views being fed into the consultation process.

Members noted the progress in relation to the recommendations and Councillor M Wilkes noted that a particular issue he had raised during the review in respect of Local Members being informed about "estate walkabouts" had been resolved and that he was telephoned on the morning of such walkabouts and kept well informed, a definite improvement.

Resolved:

That the report and Action Plan in relation to the progress against the specific review recommendations be noted.

A8 Economy and Enterprise Overview and Scrutiny Review - Increasing Employment Opportunities of Young People (18-24):

The Chair introduced the Overview and Scrutiny Officer to give an update in relation to the Working Group set up by the Committee to look at the issue of "Increasing the Employment Opportunities of Young People (18-24) (for copy, see file of minutes).

Members were reminded that a Special Meeting of the Economy and Enterprise Overview and Scrutiny Committee had been held on 8 September to gather information from Officers and Members to draft Terms of Reference and an associated Project Plan for the project looking at Increasing Employment Opportunities of Young People (18-24). Councillors noted that the review would run for 3 months, with any additional meetings to those listed in the Project Plan being scheduled should evidence lead Members to have additional lines of enquiry.

Councillor M Wilkes asked why figures within this report in relation to the numbers of young people in receipt of JSA differed from the Performance Report received by Members at Item 5 on the Agenda. The Principal Overview and Scrutiny Officer noted that the figures within the Performance Report related to the difference between Quarter 1 figures for each year, with those referred to in this Item being for the Quarter 2 to Quarter 4 increase for the last year.

Resolved:

- (i) That the report be noted.
- (ii) That the Terms of Reference and associated Project Plan for the Scrutiny Working Group "Increasing the Employment Opportunities of Young People (18-24) be agreed.