

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Council Chamber, County Hall, Durham** on **Wednesday 21 July 2021 at 9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors A Jackson, M Abley, A Batey, J Cairns, R Manchester, C Martin, J Miller, R Ormerod, A Reed, M Roberts, A Sterling and S Wilson

Co-opted Members:

Mrs R Morris

Also Present:

Councillor(s) S Townsend

1 Apologies

Apologies for absence were received from Councillors C Hood, C Lines, C Marshall, I Roberts and A Surtees.

2 Substitutes

Councillors R Charlton-Lainé, D Deinali and K Shaw were present as substitutes for Councillors I Roberts, A Surtees and C Marshall.

3 Minutes

The minutes of the meeting held 25 March 2021 were agreed as a correct record and signed by the Chair.

4 Declarations of Interest

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 Introduction to the Regeneration, Economy and Growth Service:

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an overview of the services, key projects, budgets, and structures of the Council's Regeneration, Economy and Growth Service (for copies see file of minutes).

The Corporate Director of Regeneration, Economy and Growth gave a presentation on the Regeneration, Economy and Growth Service Grouping providing the following information:

- An Economic Overview
- The County Durham Vision 2035
- Services, Heads of Services and Functions
- Supporting the City, Towns and Villages
- Employment Sites
- Business and Employability Support
- Housing Services
- Leisure and Heritage
- Tourism
- Transport
- Corporate Land and Property
- COVID-19 Impacts and Support
- Funding and Investment
- Examples of External Funding and Investment
- Social Value
- Support the Climate Emergency
- Partnerships and Relationships

The Corporate Director Regeneration, Economy and Growth advised that County Durham had the largest economy in the North East with a £9 billion economy and was in the Top 10 largest local authority areas in the country. County Durham was still underperforming however, and when using the national average as a comparison, the figure should have been £12 billion. This underperformance could be for a variety of reasons including productivity, skills and support to businesses to meet their markets.

There were over a quarter of a million people employed in County Durham who either worked in the County or lived in the County and travelled to work either to Tees Valley and Darlington at the South of the County or to areas such as Sunderland to the North of the County. This reflected the large geography of our County and workplace movements.

In relation to the County Durham Vision 2035 the Corporate Director, Regeneration, Economy and Growth advised that that under the three pillars of the Vision the Regeneration, Economy and Growth Service Grouping drivers were areas such as employment sites, broader visitor experience and housing standards. The service was supported by other service groupings, such as Resources and this support was key to the service delivering the services for which it was directly responsible. The Director confirmed that Regeneration, Economy and Growth was a family of services that contributed to regeneration in the County that worked together to deliver one end product for local communities.

The Corporate Director of Regeneration, Economy and Growth gave Members an overview of the Services, Heads of Services and responsibilities that came under each service grouping.

Members were informed that one of the Councils key priorities was supporting the City, Towns and Villages. County Durham had a diverse landscape with a number of important towns that provided services to our communities and there was a strong sense of civic pride within the county. There was a diverse investment programme around town and villages which includes the Towns and Villages Programme, providing £25m investment, including the AAP Area Improvement Programme, improvements to walking and cycling routes, neighbourhood and retail improvements and digital high streets. In addition, County Durham had been successful in achieving funding from the Future High Streets and Town Funds for particular areas in the County. It was highlighted that supporting towns and villages was an ongoing activity.

The Corporate Director of Regeneration, Economy and Growth advised that strategic sites in County Durham were linked to well-placed strategic road corridors. In relation to the key strategic employment sites that had been identified, the forecasted jobs were as follows;

- Aykley Heads = 4000
- Forrest Park = 3200
- Integra 61 = 5000
- Jade = 2500
- NETPark phase 3 = 1300

NETPark was a more developed site with over 600 employees currently on site following development over the last ten years. These sites were important in terms of the volume and quality of jobs offered and linked to the investment figures provided earlier in the presentation. However, they were not the only industrial or employment sites in the County and there were a number of development land sites in different localities across the county which were collectively important to the jobs and productivity numbers the Council wanted to achieve.

In relation to business and employability support the Corporate Director of Regeneration, Economy and Growth highlighted that the service provided targeted

business and employability support, which included help to navigate both funding and support available.

In relation to business support, the Council had engaged with almost 2000 businesses in 2021, helping them to navigate various funding opportunities and support available. The Council worked in partnership with various colleges and Durham University to drive opportunity. There was various employability support available at every stage of the journey, including support to get people back into work to supporting higher level skills development. Some of the support schemes available were European funded and it was therefore important that County Durham looked at the Shared Prosperity Fund to develop existing support and more and better services.

The Corporate Director of Regeneration, Economy and Growth advised that in relation to Housing there were a wide range of services that supported the very vulnerable in the County to wider programmes such as the Council Housing Delivery Programme. In relation to housing targets, such as the 25000 new homes to be delivered in the County Durham Plan, the Corporate Director advised that the number of affordable homes delivered was very important and more needed to be delivered in the County. Therefore, programmes such as the Council Housing Delivery Programme and other solutions were very important.

With regards to Leisure and Heritage, the Corporate Director of Regeneration, Economy and Growth highlighted that three new Leisure Centres were planned for County Durham, in addition to the refurbishment of the Gala Theatre, the Empire Theatre and Bishop Auckland Town Hall which had taken place. In addition, the County had a range of various festivals that were taking place and were delivered by the Regeneration, Economy and Growth Service Grouping, including the Seaham and Bishop Auckland Food Festivals, the Book Festival and Lumiere.

In relation to transport the Corporate Director informed members that public transport was a challenging area particularly during the pandemic, usage had been down 65% in 20/21 with one in three people in the County relying on public transport. The service delivered strategic transport schemes including the improvement of Durham Bus Station, enabling works on the A19 for Jade Business Park, NETPark on site infrastructure, A1M/ Integra 61 works and the expansion of Durham Park and Ride.

With regards to the Levelling Up Fund Bid for North West Durham there was a £20m request from Government: £5m match funding, the re-routing of the A68 to bypass Toft Hill, Re-opening of Whorlton Bridge to traffic and the enabling of locomotion building 2 and local infrastructure improvements. Local improvements undertaken included improved walking and cycling links, the repair to Elvet bridge and various local junction improvements.

The Corporate Land and Property service is key to managing the Council's estate and was also leading on a huge number of construction projects across the county with 218 projects, some live and some at feasibility stage with the current value of projects at £250m.

The Corporate Director of Regeneration, Economy and Growth gave examples of external funding and investment, and in relation to the private sector, Milburngate was delivered in partnership with a private property company to deliver Office and Leisure accommodation to secure growth in the County.

In relation to the EU structural funds which had provided significant investment over the last seven years, there was a need to secure significant funding from the Shared Prosperity Fund to deliver the skills and business support in order to continue to secure capital investment in the County. In relation to funding from Central Government and Government Agencies it was highlighted that County Durham needed to be successful in future funding bids and a bid had been submitted to the Levelling Up Fund which had been included in the Prime Minister's recent announcement regarding devolution as part of levelling up process.

With regards to Social Value, the Corporate Director of Regeneration, Economy and Growth advised that jobs and investment needed to be accessible to local communities. Durham County Council was one of the top local authorities in relation to social value with 46% of total spend going locally. The Corporate Director referred to the 10 procurement initiatives which gave local companies the best opportunity to secure contracts and deliver local employment and apprenticeships and confirmed that the authority was committed to do more.

The service was continuing to support the Climate Emergency and there was a role for economy in the Climate Emergency with teams in Regeneration, Economy and Growth, delivering a range of projects with colleagues in Neighbourhoods and Climate Change to provide a strategic response to this issue.

The service also engaged with a number of partnerships at a local level such as the County Durham Economic Partnership, a range of regional partnerships including the NELEP, NECA, North East Joint Transport Committee, the Northern Powerhouse and Transport for the North, various national bodies and membership organisations such as the North East Chamber of Commerce and the County Council's network. The Corporate Director of Regeneration, Economy and Growth advised that it was important to drive as a team, working together cohesively on such large agendas.

Mrs R Morris, co-opted member made reference to paragraph eight of the report and asked why County Durham's workforce had lower levels of education and training than the national average. In addition, she referred to the climate emergency and asked whether each area of the county would have an individual

Carbon Emergency Response Plan with actions identified to meet targets and gave the example of area plans for electric vehicle charging points.

The Corporate Director, Regeneration, Economy and Growth confirmed that the Climate Emergency Response Plan was to address what action was to be taken as a Council and nationally, however she offered to have an individual discussion following the meeting to discuss the question raised.

In relation to skills and education, the Corporate Director, Regeneration, Economy and Growth advised that some schools performed above average level with students going to Russell Universities. However, it was a mixed picture across the County with pockets of strong skills in the County and Durham performed well in relation to income however there were not the same opportunities across the County and the future strategy would address this.

The Strategy Manager, Regeneration, Economy and Growth added that the level of education and training in the County reflected employment demand and that those with high levels skills often left the County, however the Council were trying to change this trend.

Mrs Morris continued that if a young person was in an area that required improvement to Ofsted standard, there was an issue and she asked what support was available for young people to get the skills needed for the current growth sectors and future growth sectors. She advised that predictions had confirmed that 1 in 16 over the next 10 years, would need to change industry and she looked forward in due course to hearing what was being done to address this.

Councillor Deinali noted the focus on connectivity in the report and presentation and advised that in relation to her locality, public transport provision was poor. Despite the Climate Emergency focusing on encouraging residents to walk, cycle or to use public transport to reduce car journeys, there was increased car ownership due to the poor public transport provision, which had also caused problems with parking in her local community. She asked what the Council were doing to improve transport provision and how they intended to develop the network of electric vehicle charging points in villages.

The Corporate Director, Regeneration, Economy and Growth advised that County Durham was 92% rural which caused issues with the viability of public transport as service providers needed to deliver profitable services, therefore provision in County Durham was heavily subsidised with services not always having the frequency required by local communities. There was a need to push nationally for better public transport provision particularly to be bespoke to rural areas. The Council were working with larger businesses to develop transport provision for employees, such as the Wheels to Work programme, however, County Durham needed a dedicated transport strategy.

There were 12 ongoing cycling and walking improvement plans, however, they did not come with funding from Central Government, but the plans ensured that the Council were in a position to bid for funding and ready for investment. Work was taking place across the County on cycling routes.

The Corporate Director of Regeneration, Economy and Growth agreed to provide further details following the meeting, of the proposed electric vehicle charging point network which included 160 charging points, mainly in villages.

Councillor Ormerod referred to the former link between County Durham and North Riding of Yorkshire and advised that Durham served a vast swathe of North Yorkshire, which had a saleable brand and he wondered whether this was promoted enough and in his opinion, Durham could do more in the South West of the County by making more of the North Yorkshire link. He continued that there had been some discussions in the past of bringing the Tour De Yorkshire cycle race to south of the County, south of the Tees and he asked whether the Corporate Director could provide an update.

The Corporate Director of Regeneration, Economy and Growth agreed that County Durham has a lot more to offer in terms of tourism and she had been blown away as a visitor to County Durham prior to her appointment. The assets of County Durham needed to be articulated in a way that was navigable for tourists. She continued that North Yorkshire visitor figures were higher, but it was a larger County, and tourists visited parts of Yorkshire.

The Corporate Director confirmed that County Durham had very recently submitted a bid for City of Culture which would have a similar effect as the Tour de Yorkshire, bringing people collectively together for an event and she would investigate the suggestion of a cycling event.

Councillor Miller echoed the issues in relation to transport provision in the East of the County, particularly in his division. His question related to 'More and Better Jobs' and the 4000 planned jobs for the Aykley Heads site and he queried the impact in relation to the County Durham Plan and the 4000 planned jobs if the Council's headquarters were to remain at Aykley Heads.

The Corporate Director of Regeneration, Economy and Growth advised that this issue would be covered in the report that would be considered by Cabinet in September and continued that any impact on Aykley Heads and the potential for the development would be a material consideration. Work would be undertaken to understand the impact on the development, which remained a strategic priority for the Council.

Councillor Sterling commented that there had been changes to how people were working, with many now working from home, however many did not have the correct equipment and desk space to work remotely. She asked whether there were any

plans to use the Councils property assets and business spaces to create suitable remote working environments in local communities which would also assist with transport issues, enabling people to working locally.

The Corporate Director, Regeneration, Economy and Growth advised that there would undoubtedly be changes post COVID-19 but in terms of Council owned operational buildings, there was no specific plan to include public space. The Council had been consolidating operational space and were at capacity when factoring in COVID-19 safety requirements, however there was incubator space for smaller businesses and there were plans to develop projects such as community hubs in leisure centres and libraries.

Councillor Sterling confirmed that she was a tenant at Consett and there was a lot of available space. She commented that she would encourage Business Durham to look at all properties as there was a lot of space that could be opened up for community use, including meeting and training rooms that were not being used at the moment. The Corporate Director agreed to consider this further following the meeting.

Councillor Abley advised that he was interested to know the key drivers for County Durham's economy and whether they were different from the national average and comparisons with other Authorities. The Corporate Director of Regeneration, Economy and Growth referred to the forward plan and confirmed that there was an opportunity to discuss the economy in more detail. In relation to the drivers, County Durham had a good mix, particularly in manufacturing and advanced manufacturing and logistics, which resulted in relatively healthy income levels close to national average. However, when considering the total the economy and all businesses, for the outcome produced, it costed more than other areas. This could be a symptom of skills, transport and dispersal in relation to markets. Work would be undertaken to consider this in more detail and identify what the issues were and the Council's response to them.

The Strategy Manager, Regeneration, Economy and Growth advised that the Council had to consider future opportunities; there was already interest in areas such as logistics and the Council should take advantage of emerging areas such as the green economy and local carbon economy to bridge the gap. Consideration and analysis on emerging markets and skills would be included in the strategy process over the next 12 months.

He continued that with regards to the economy there were various issues but attracting investment was a key priority. County Durham had traditional low land value, which resulted in long waits for return on investment and therefore the key was to attract investors to invest in first place and stay for a return on their investment.

Councillor Charlton-Lainé confirmed that she was also a Member of Adult Wellbeing and Health Overview and Scrutiny Committee and was aware that there were changes to services in hospitals across the Durham, South Tyneside and Sunderland. She asked if there were any plans to support areas in relation to public transport provision where there are weak transport links, particularly Seaham, to respond to service changes in relation to outpatient services and procedures.

The Strategy Manager, Regeneration, Economy and Growth advised that there was regular ongoing dialogue with providers where health services were being changed to ensure the public could still access provision, however he was not aware of anything specifically in relation to Seaham. The Corporate Director agreed to provide a written response following the meeting.

The Chair queried the accuracy of the number of jobs projected from the key strategic sites as he could only find 16000 which was far less than the 30000 quoted.

The Chair then referred to the Leisure Centre Transformation Programme and commented that there are no start or delivery dates referenced. With regards to the new centre planned for Chester- le-Street, he sought clarification on the start and delivery dates and sought clarification as to whether the £78m quoted as the cost of the programme was correct or whether it could be less.

The Chair referred to the visitor numbers in County Durham and in his opinion the County did not don't make the most of its assets and with a predicted fall of 40-50% as a result of the pandemic, he asked whether there was a strategy to attract staycation visitors.

The Corporate Director of Regeneration, Economy and Growth advised that a forecasting process sat behind the job projection figures and was encapsulated in the County Durham Vision 2035. Some of the numbers were predicted from the larger sites however the total number was with regards to the accumulative total across the County. The Strategy Manager, Regeneration, Economy and Growth confirmed that the figure of 30,000 jobs was rooted in the development of the County Durham Plan and explained that in the development of both the first plan which had been withdrawn and the subsequent second plan, there was not a requirement for job numbers but there was a requirement for spatial land use. In the adopted plan, 300 hectares of employment land had been identified and the Inspector had asked for an assessment of job uses and number projections in relation to that. Colleagues in planning used the HCA Job Density Calculation so depending upon what use would be made of the site, this had resulted in a figure of 32,671 jobs, rounded down to 30,000.

The Corporate Director for Regeneration Economy and Growth responded that in relation to the Leisure Centre Transformation Programme this was one of the largest in the country and had been developed during the pandemic. It was largely

a self-financing model, however progress had been delayed as engagement had to be undertaken with local communities on what was being proposed, and the programme could not be finalised until a consultation had taken place. The Council has been working on the wider programme and it was proposed that a final programme would be available around the end of the 2021. The Council will work to keep the budget as tight as possible as the programme is self-financing. Further reports would be going to Cabinet.

In relation to footfall, County Durham did have the highest number but not in duration of stay, there was work to do in getting tourists to stay for more than 1 night and this would have a huge impact on the economy. A strategy was being discussed which could be shared with the Committee, to look at how assets could be connected via transport and the quality and quantity of accommodation, particularly for families.

The Corporate Director of Regeneration, Economy and Growth highlighted the successful Bishop Auckland Town Fund bid, which had been the highest single bid (£33m) resulting in big investments that would unlock the visitor economy, allowing the town to compete nationally.

The Chair advised that going forward Overview and Scrutiny will need more detail and data, particularly in relation to the Leisure Centre Transformation Programme as people were interested to know details, including timelines. Finally, he suggested the number of jobs quoted in relation to More and Better jobs should be updated to be factual rather than predicted numbers that were post COVID-19.

Resolved

Members noted and commented upon the information provided in the report and presentation.

7 Quarter Four 2020/21 - Performance Management Report:

The Committee considered a report of the Corporate Director of Resources which presented progress towards achieving the key outcomes of the council's corporate performance framework (for copies see file of minutes).

The Corporate Scrutiny and Strategy Manager informed the committee that the report was a regular quarterly performance monitoring report which was considered by Cabinet and then divided up and presented to the various Overview and Scrutiny Committees after consideration by the Corporate Overview and Scrutiny Management Board (COSMB). The report covered the period ending 31 March 2021 and was an end of year report reflecting on the previous year which had been dominated by the impact of COVID-19.

He continued that previously the report had been used to identify areas of underperformance for and identified areas for scrutiny activity. The Corporate Scrutiny and Strategy Manager then highlighted that he was open to suggestions on how to make the report more meaningful to members and confirmed that the report was structured around the ambitions in the vision and the Council Plan.

The Corporate Scrutiny and Strategy Manager highlighted key performance areas contained in the report commenting upon performance during quarter four.

Councillor Deinali referred to the reference to More and Better jobs and high skilled jobs and noted that many jobs regarded to as essential were not valued prior to the pandemic and were paid national minimum wage. She asked for examples of high value, skilled jobs and queried what was being done to encourage and promote social value, getting young people into jobs that were valued and contributed to the community, rather than a highly paid job.

The Corporate Scrutiny and Strategy Manager advised that the County Councils Regeneration Statement went up to 2022 and an Economic Strategy was in the process of being produced. The Regeneration Statement included targets on Gross Disposal Household Income and the Council was trying to increase that in terms of comparisons with regional and national figures. In relation to 'more jobs', the County needed to increase the employment rate, with more people in employment and with regards to 'better jobs' there was a need to increase Disposal Household Income and the Gross Value Added, level of productivity in the County Durham economy. There had been no definition of a 'better job' however there was a target to increase how County Durham compared with regional and national averages.

Resolved

That the Economy and Enterprise Overview and Scrutiny Committee notes the overall position and direction of travel in relation to quarter four performance, the impact of COVID-19 on performance, and the actions being taken to address areas of underperformance including the significant economic and well-being challenges because of the pandemic.

8 Refresh of the Work Programme 2021/22:

The Committee considered a report of the Corporate Director of Resources (Interim) which provided an updated draft work programme for 2021/22 (for copies see file of minutes).

The Overview and Scrutiny Officer asked Members to consider and discuss the draft work programme which had been informed by key documents including: the County Durham Vision; the Council Plan; Cabinet's Notice of Key Decisions; performance and budgetary control data; various partnership plans and strategies

and local priorities. In addition, it included areas prioritised in the previous work programme for 2020/21.

The work programme was flexible to accommodate any additional items that would arise and it identified items prioritised by the Chair and Vice-chair for consideration. The Committee had been allocated five meeting dates to run from September 2021 to May 2022 and the draft work programme identified agenda items to be considered at formal meetings of the committee and those that would be delivered via briefing reports throughout the life cycle of the work programme.

Councillor Manchester suggested that Housing, in particular empty homes should be considered as part of the work programme. The work of the empty homes team had been impacted by the pandemic and there had been an increase in enquiries to the homelessness service. The Chair advised that he had received an email from Councillor Marshall about the inclusion of housing in the working programme and he noted that a lot of time had been spent on the issue the previous year, however he would consider the requests.

Mrs Morris queried whether strategic job creation would include training strategies and skills development and the Chair replied that the Committee would be considering the Strategic Employment Sites in particular but he would ask that training be included.

Councillor Deinali referred to the increase in electric vehicles and asked whether there were any plans to increase hard shoulder provision on A19 as electric vehicles could not be towed or pushed and must be removed by a recovery vehicle. The Chair advised that this point would be passed on to appropriate colleagues.

Councillor Townsend requested that museums and tourism be included in the work programme as well as the plans and progression for Stockton and Darlington Railway Bicentennial Celebrations as there was a need for this Committee and also overlapping Committees to be involved. The Chair agreed and advised that Chairs and Vice Chairs would meet and discuss overlapping items.

Resolved

That members of the Economy and Enterprise OSC received and commented on the proposed draft work programme for 2021/22.

9 Minutes from the County Durham Economic Partnership meeting

The Committee considered the minutes from the County Durham Economic Partnership meeting held on 5 May 2021 (for copy see file of minutes).

The Chair had been surprised to read the statement that there was no Economic Strategy for the County and looked forward to rectifying this.

Resolved

That the minutes be noted.