

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 **Monday 20 December 2021** at **9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors A Jackson, M Abley, A Batey, G Binney, J Cairns, C Lines, R Manchester, J Miller, A Reed, M-Idwal Roberts and M McKeon

Co-opted Members:

Mrs R Morris

1 Apologies for Absence

Apologies for absence were received from Councillors C Hood, C Martin, A Sterling, A Surtees and R Ormerod.

2 Substitute Members

Councillor M McKeon substitute for Councillor A Surtees

3 Minutes of the meeting held on 11 November 2021

The Minutes of the meeting held on 11 November 2021 were confirmed as a correct record and signed by the Chair.

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 Investment Pipelines

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an overview of the various initiatives, projects, strategies, and governance that were aimed at generating economic growth within County Durham (for report and slides of presentation see file of Minutes).

The Corporate Director of Regeneration and Growth provided a detailed presentation which highlighted and provided detail on the following: -

- Context of the Inclusive Economic Growth Strategy
- Current and Proposed Interventions (pipelines).
REG Capital Programme
Strategic Employment Sites
Levelling Up Fund / White Paper / UKSPF
Towns and Villages
Future High Street & Stringer Towns Funds
Regional Devolution
- Major Programme Board
- Capacity

The Corporate Director of Regeneration, Economy and Growth explained that the presentation provided detail of the investment programme particularly for the County Council however it also provided detail of broader themes of investment across the county. It was explained that the inclusive economic Strategy was about the next wave of investment and that the council would continue to invest in current projects. The strategy also focused on the next wave of investment above and beyond current investment. She explained that it was essential for the council to build a project pipeline for both Capital and Revenue Projects that is geared up and prioritised to support the Inclusive Economic Strategy. The Corporate Director of Regeneration, Economy and Growth highlighted the importance of inclusive in the title of the strategy, as the strategy is inclusive in design, development and implementation and that no single body can deliver the strategy, it is a collective strategy, developed in partnership.

The Corporate Director continued that there is a commitment for a conversation to be undertaken on the strategy, discussing and understanding opportunities with local communities, partners and voluntary sector and then following this process, use the evidence gathered to construct our priorities. It was also highlighted that the strategy will position the County for levelling up funding and will allow us to co-ordinate what we do to cluster investment and developments in the economy.

Further details were provided regarding the capital programme which highlighted the scope and scale whilst noting that this was from within one service and did not include private sector growth. She continued that the detail covers the period 2021-2025 and details commitments within the Medium Term Financial Plan of over £300m in capital investment in regeneration projects. The Corporate Director of Regeneration, Economy and Growth continued that in the next five to ten years there will be a lot larger investment programme as the figures do not include private sector investment, leverage inward investment and future investment which we may be successful in gaining via the Levelling Up Fund. It was highlighted that in order to deliver the various projects it is a real team effort across various

services within the council and it was important to note the breath of the projects within the current programme.

The presentation then went on to provide an overview of the county's strategic employment sites and how the reputation of sites such as NetPark provided a wider anchor in the county attracting more inward investment.

Moving on to discuss the National Levelling Up Fund it was explained that this was a strategic amount of funding that would be released over three phases. Each parliamentary constituency was permitted to bid once up to £20m. The first phase had been completed with another five opportunities to bid for the five further constituencies remaining and a long list of potential projects which would be considered by Cabinet in the new year and taken forward to bid stage. Bishop Auckland had been successful in gaining £31m across three bids the maximum number of bids allowed. It was highlighted that it is competitive and resource intensive process with officers working on bids for future bidding rounds and it was confirmed that Rounds 2 and 3 are expected to be announced later.

The Corporate Director of Regeneration, Economy and Growth went on to provide a summary of the Towns and Villages programme. It was highlighted that the county has a significant and diverse number of towns and therefore a different type of investment programme was required, with its aim to make all our towns and villages vibrant. It was highlighted that Masterplans do not deliver growth in themselves they make us ready for investment opportunities which arise. DCC has invested £25m across the towns in the county based on the needs and opportunities of the various towns supplementing existing programmes and accelerating their delivery.

In relation to Bishop Auckland this had been successful at gaining funding from two funds the Future High Street Fund and the Stronger Towns Funds delivering better outcomes and economic value via individual projects, with the town securing over £50m in funding across a range of projects.

Moving on, the Corporate Director of Regeneration, Economy & Growth talked about regional devolution and the opportunities this presented for enabling further investment. Whilst the council had expressed a strong interest to Government in this regard, hopefully will get clarity and more information in the new year.

In conclusion the Corporate Director of Regeneration, Economy and Growth highlighted the ongoing work of the Major Programme Board which oversees the totality of the projects, managing risk, opportunity and capacity with the forward planned approach ensuring that projects are delivered within timescale.

The Chair commented that it was fantastic to see such a positive investment pipeline and thanked the officers for the detail provided in the report and presentation. In addition, he commented that the establishment of the Major Programme Board was a significant initiative which had been introduced by the Corporate Director.

Councillor Reed raised a query regarding the Future High streets and associated funding as referenced on page 32 of the report. She noted that of the 13 projects identified, 11 were DCC projects, 2 are private projects and asked of the large sum of money that was available, where was this drawn from and why were funds earmarked for private dwelling ownership and could anyone apply for this funding.

In response the Corporate Director of Regeneration, Economy & Growth advised that this came back to the earlier point made regarding viability, the private sector is investing a significant amount it is therefore match funding alongside public sector investment to support development where the project is considered a worthy investment. This occurs when a really good viable business is struggling with funding. She also referenced the reuse fund for community properties in towns which would contribute to a more vibrant street scene.

In addition, the Economic Development Manager advised that there was also a targeted approach on long-term voids, where improvements could be made to retail ground floor space and opportunities for diversification of use, for example by encouraging use by Airbnb or the like on upper floor areas. The budget for this initiative was £1million, 15 applications had been received to date, with a leverage ratio of around 3:1 for the money being committed through that fund against private funds coming forward.

Councillor McKeon commented that she noted that a lot of the strategic employment sites identified were clustered in the south and east of the county and asked what the job creation strategies were in the north and west of the county. In addition, she commented that she was aware that many people who worked at Integra 61 used public transport and it was known that without further government funding, further cuts to public bus services would be made. She therefore queried how this would impact upon the county's growth strategy. She went on to ask a further question relating to Bishop Auckland, and the Auckland project, noting that this being the anchor project for the town, was a philanthropic exercise rather than a purely economic one and if it was held up as an example of public and private partnership, then the hook was philanthropy rather than investment. She asked therefore how feasible it would be to roll that model out to other towns without an actual donor being willing to come forward.

In response the Corporate Director Regeneration, Economy and Growth explained that these were strategic sites across the county identified within the County Durham Plan, and explained the links to the transport network and availability of land for the A1 and the A19 corridor and the importance of the sites due to their location. However, there are other sites across the county which are important and gave the example that the Forrest Park site is next to Aycliffe Business Park. In addition, she explained that not every area would have a significant strategic site but it was important to ensure that our population in our communities have got the skills to be able to access those job opportunities created at strategic sites in the county.

In respect of the issue regarding public transport noted the importance of being able to also access those opportunities regardless of where you live in the county. Therefore, the County Council were currently making strong representations to the government's Bus Services Improvement Plan to secure significant revenue support, which is critical for bus provision in rural areas supporting those services that are not commercially viable for a private operator.

In relation to the last question, she explained that the Auckland project was a distinct situation, having a philanthropic investor in the county who could invest on that scale, however despite this there was a lot to learn from this project noting that although the initial investment was there it still had to be sustainable over time and supporting investments

that might not on the face of it tick all of the boxes in terms of the Green Book and treasury guidance but actually with the right approach can be sustainable if we take that long term approach.

Councillor Lines noted that it was known that a successful business park could have a positive knock-on effect for the wider economy and explained that he had recently discussed with a business owner the reasons why he had relocated from outside of the county to a site close to NetPark due to the emerging development there, including good employee and business facilities aiding good mental health and wellbeing. He therefore asked what was being done to capture, measure insights like that which demonstrate the indirect impact of our own capital investments and how do we harness this to market the county in the future.

In response the Corporate Director of Regeneration, Economy and Growth explained that those inward investments create clustering so businesses want to be there amongst other businesses that not just in the same sector, but those that were successful and innovative, focused on new technologies. Data like this was captured, DCC has a strong inward investment function including where business were coming from, what they require, businesses that they may want to join, so we can point them to the appropriate site for their business needs and aspirations. The County is strong at pushing the messages of what we have to offer and will continue to push this message further in the new year.

Mrs R Morris, Co-optee in referencing the skills agenda asked whether the council were or had considering getting a dialogue going with industrialists to determine what the skills of the future were. She continued that reference had been made to underperformance of the workforce from school and onwards and asked if the kind of skills that are going to be needed would be articulated and whether this was something that the major programme board would be taking forward.

The Corporate Director of Regeneration & Economy explained that aside from the skills programme, aspirations were much harder to drive and to quantify. However, creating a place that young people feel proud of and want to stay in and represent all they want from a community. In terms of the skills programmes she explained that we do have a number of groups across the county, for example in manufacturing but also with the groups around visitor economy, however acknowledged that through the economic strategy it would need to be determined whether we have got enough information and intelligence around the skills strategy to ensure that the county was investing in the right areas and that we can do that in the real time that business need those skills in. She went on to highlight the opportunities that existed with the university in County Durham who we were keen to actively engage with business.

She went on to explain that devolution could play a vital role in having control over centralised skills budgets so that the council could work with businesses to understand what they really need and to target programmes for the county using businesses and their knowledge. In addition, the Economic Development Manager explained that the levelling up fund were looking at UK shared prosperity going forward and how that as a replacement for European funding could give us some flexible opportunities to address specific sectoral weaknesses in schools and identify gaps in the sector.

Councillor Jackson noted that the levelling up funding bids were a multi phased approach and queried on the basis that it had been explained that this was achieved through competitive tendering, was the council well placed to be bidding for rounds two and three and did the team have all the resources required to enable them to do that. In response the Corporate Director Regeneration, Economy and Growth added that the team did not know yet when the other two rounds would be released however the team were getting ready with the bids now to give DCC the best opportunities when the time came.

Resolved: That the contents of the report and presentation be noted.

7 Economy and Enterprise Overview and Scrutiny Review - Support provided to the retail sector by Durham County Council

The Committee considered a joint report of the Corporate Director Resources and Corporate Director Regeneration, Economy and Growth which provided an update on the progress made in relation to the recommendations contained in the Economy and Enterprise OSC scrutiny review report looking at the support provided to the retail sector by Durham County Council (for copy of report and slides of presentation see file of Minutes).

G Paul, Head of Development and Housing provided a detailed presentation which provided information regarding retail pressures, changing retail patterns, growth in online retailing, details on national policy, vacant units, and the current scope of retail support services in County Durham. He went on to provide a snapshot of some of the work undertaken to date on targeted business improvements in County Durham.

The presentation then went on to highlight service inputs and how those were co-ordinated via Town Based Co-ordination Groups, Town Partnerships and AAPs alongside the various funding programmes available, such as DCC capital programme, Towns and Villages Programme, Reopening High Street Safely Fund and the Welcome Back Fund.

In terms of what was next, the Economic Development Manager highlighted retail trends and opportunities to be seen in 2022, including repurposing retail floorspace, retailtainment, discount retail growth and ongoing support for independent retailers. The presentation also highlighted retail support priorities in this regard and provided details of footfall in Seaham Town Centre alongside visitor count information.

Councillor Batey added that she found the presentation to be very informative and welcomed the updated position on the masterplans for local towns. She did however feel that more could be done to improve communications regarding some of the good repurposing work that was being done and to explain the varying issues across our town centres. She also suggested that more could also be done through AAP consultations to better spread the messages around the community to allow for a better understanding of why certain things were happening with town centres, the need for town centres to evolve and change to meet the changing needs of residents.

The Head of Development and Housing acknowledged the councillors' comments in relation to pro-active communication and agreed to take this away.

Councillor McKeon added that she noted that many businesses had been forced to or were facing closure in part due to the cost of rents charged in some areas, mainly Durham City

and asked what could be done to help these businesses. In addition, she noted that as a regular bus user, she found that when she was undertaking a large shopping trip and using public transport, there is no provision at bus stops to put shopping bags whilst waiting, resulting in you having to place bags on the floor. She therefore queried whether there was any scope to review how larger shopping areas can better accommodate bus users.

In response the Head of Development and Housing explained that cost of rents was only half the equation, as footfall and income had also decreased massively in recent years however acknowledged that business premises rents were a challenging issue to resolve although the council working with partners are repurposing town centres.

In addition, the Economic Development explained that there had however been successes seen through active engagement with local owners, for example in Chester-Le-Street where lower rent had resulted in repurposing or reuse of premises to increase occupancy whilst promoting the shop local message. In response to the reference made to the Arnison Centre and facilities at bus stops he noted that as this was privately owned the council had less traction to request these improvements, however noted the councillor's comments.

Councillor Miller asked whether those departments within the council who supported retail business are all in agreement that this was a top priority for the council as he was concerned that without full support from across DCC the high street would continue to decline. He highlighted his concern for family run businesses in local communities.

The Corporate Director of Regeneration, Economy and Growth explained that this was a county council priority with Town Centre regeneration the most strategic priority.

Resolved:

That the contents of the report and presentation be noted.

8 Quarter Two 2021/22 Revenue and Capital Outturn Report

The Committee considered a joint report of the Corporate Director of Resources and Corporate Director of Regeneration, Economy and Growth which provided details of the forecast outturn position for quarter 2 revenue and capital for Regeneration, Economy and Growth as at 30 September 2021.

The Finance Manager Resources and Regeneration explained that the service at quarter 2 were reporting a forecast underspend of £0.230 million against a revised budget of £54.6 million. In arriving at the cash limit position, COVID-19 related expenditure and loss of income, net savings as a direct result had been exclude from the outturn, as they were being treat corporately and offset by Government Funding.

The report went on to provide details of under and overspending against relevant budget heads and the reasons for each.

With regard to the capital programme, which was monitored on a monthly basis, it was explained that the revised budget stood at £96.721 million with actual spend in the first 5 months at £22.035 million. The key areas of spend during the year were on Office

Accommodation (£7.438 million) and Housing Renewal (£2.970 million). Other areas of the programme were profiled to be implemented during the remainder of the year.

Resolved:

That the contents of the report be noted.

9 Quarter Two 2021/22 Performance Management Report

The Committee considered a report of the Corporate Director Resources which presented an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlight key messages to inform strategic priorities and work programmes for the period July to September 2021 (for copy see file of Minutes).

The Corporate Scrutiny and Strategy Manager explained that the performance report was structured around three components and also included an overview of the continuing impact of COVID-19 on council services, staff and residents.

In addition, the report highlights key performance areas for concern and highlights were included within the report including detail on More and Better Jobs, Connected Communities, the impact of COVID-19 and overall risk management.

Mrs R Morris, Co-optee asked with regards to the percentage of young people not in education or training, whether the council were looking to address this poor performance and revise its current strategy. In response the Corporate Scrutiny and Strategy Manager advised that he would take this back to the relevant service and provide a response to Mrs Morris directly.

Resolved:

That the contents of the report be noted.

10 Minutes of the meeting of the County Durham Economic Partnership held on 20 September 2021

Resolved: That the minutes of the Economic Partnership Board held on 20 September 2021 be noted.