

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 24 April 2023** at **9.30 am**

Present:

Councillor K Robson (Chair)

Members of the Committee:

Councillors A Batey, G Binney, G Hutchinson, C Marshall, C Martin, J Miller, B Moist, A Reed, I Roberts, A Surtees, S Wilson and D Sutton-Lloyd

Co-opted Members:

Mrs R Morris and Mr E Simons

Also Present:

Councillors E Scott and K Shaw

1 Apologies for Absence

Apologies for absence were received from Councillors A Jackson and A Sterling.

2 Substitute Members

Councillor D Sutton-Lloyd was present as substitute for Councillor A Jackson.

3 Minutes

The minutes of the meeting held on 6 March 2023 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

There were no items from Co-opted Members or interested parties.

Councillor B Moist left the meeting at 10.34 am

Councillor S Wilson left the meeting at 10.50 am

6 Inclusive Economic Strategy Delivery Plan - Update

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which set out how the service would coordinate activities via the County Durham Economic Partnership (CDEP) to develop a Delivery Plan for the Inclusive Economic Strategy (IES) (for copy of report, see file of Minutes).

The Chair and Vice-Chair of the County Durham Economic Partnership and the Head of Economic Development were in attendance to deliver a presentation providing detail on the County Durham Economic Partnership structure, how it works in partnership and its key reporting relationships and how it will co-ordinate activities to develop a delivery plan for the IES. In addition, Andy Kerr, Head of Economic Development delivered a presentation providing more detail in relation to the process for the development of the Delivery Plan via the establishment of thematic groups which will be driven by the partnership with the individual plans prepared by these groups then merged into an overall IES Delivery Plan (for copy of slides, see file on Minutes).

The Chair of the CDEP explained that the partnership communicates as a Hub with the other partnerships, and subgroups that form the County Durham Partnership. He continued that the CDEP focus on looking at outcomes and determine how to achieve that outcome. The partnership has brought together the relevant people with the required skills to develop the IES Strategy and confirmed that the Board will take the strategy and plan forward which will hopefully achieve good results for the county. The Chair then explained the structure of the CDEP, the reporting relationships and wider reporting relationships.

The Vice-chair of the partnership confirmed that the partnership is about key partners in the county working together to achieve agreed aims and objectives, the strategy was developed in partnership with a range of stakeholders with all partners working together to achieve a shared vision and make a positive difference in the county. The Vice-chair then highlighted three quotes from the Cabinet Portfolio Holder (Councillor Scott), the Chair of the CDEP (Glyn Llewellyn) and the Vice-Chancellor of Durham University. She then continued by highlighting that behind the Board there are a number of anchor organisations/bodies which were involved in the development of the IES strategy. The next step in the process is to ensure that the IES Strategy works therefore a plan needs to be developed to ensure that the strategy is delivered, and she confirmed that thematic groups have been established to drive forward the development of the various plans which will be merged into the IES Delivery Plan.

The Head of Economic Development informed members that it is intended that the IES Delivery plan will be coming for consideration and comment to the committee in late summer. In relation to the County Durham economy today he commented that between 2006 and 2020 County Durham's growth was 26.8% however the national figure was 49.6% and that there is a significant and growing gap between the county's and national performance and that if the growth of the county's economy had been the same as nationally we would have a £12bn economy as opposed to a £9bn economy. He highlighted that the evidence gathered to develop the IES had identified a lot of strengths within the county, including our major employment sectors, major businesses and key opportunities for growth.

The Head of Economic Development then explained the delivery framework, the areas focused on in the plan for delivery, the 5 Ps (people, productivity, places, promotion and planet). He continued that in relation to delivery, there has to be flexibility within the plan as it progresses to take into account change impacts on County Durham. He confirmed that performance in relation to the delivery of the plan will be monitored.

The Funding and Programmes Manager, outlined the approach which had been adopted in relation to the development of the plan and that in relation to the 5Ps they had identified what needs to be done, what we are doing currently, is it delivering what is needed, is more collaboration needed, build partner commitment to shared vision with interconnected business plans and the partnership tracking performance in relation to the delivery of the plan. She confirmed that the Delivery plan will be considered by the Board and Cabinet in November 2023.

It was confirmed that thematic working groups under the 5Ps have been established and that the groups are currently meeting and will present to the partnership in the coming months and that the draft Delivery plan will be presented to E&E OSC in Autumn prior to consideration by the Partnership and Cabinet.

Members were then presented with detail of the membership of the various thematic groups, showing the breath of those involved together with detail of a sixth group looking at innovation and chaired by the University. It was confirmed that work is currently on going looking at establishing an independent review panel and it was explained that each of the thematic groups has a Terms of Reference which identified: the name of the group; accountable to; aims and purpose; chair and vice-chair; membership; responsibilities of members and frequency of meetings.

The Vice-chair of the CDEP commented that she is Vice-chair of the productivity group which is focused on driving up productivity in the county and confirmed that the group is focusing on promoting high growth opportunity sectors; fostering collaboration and attracting more businesses and investment in our specialisms;

supporting our SMEs in the county to grow through access to supply chain and exporting opportunities and promoting our research and business strengths.

Councillor B Moist commented that it was a good report, but he wanted to see action with clear actions identified for delivery. He continued that in areas such as business growth the county was behind the national level, the delivery plan needed to be developed, public needed to know when actions in plan would be delivered. He suggested that members get involved in the drafting of the Delivery Plan via working groups.

Mrs R Morris suggested that this was an opportunity to set targets and gave the example of young people who are NEET, with a target set to reduce the current figure by 3%, this was what she would want to see in the Delivery Plan going forward. She continued that we have a large NEETs problem in the county and that we need to get advice/support to young people sooner as to the options available and commented that t levels are currently not offered within schools in the county. She asked for more information on new industries and commented that cyber security, robotics, data analytics and technologies which were key growth sectors had not been mentioned in the presentation. She then asked who were the employers that had been engaged with during the process.

The Head of Economic Development responded that they were working on the delivery plan to take to Cabinet in November and that there will be real tangible targets within the plan to monitor. It is currently planned that the draft plan will go back to the partnership in June and then back to the E&E OSC in Autumn. He highlighted that the partnership includes a range of partners which sit on the various groups as highlighted in the presentation and confirmed that work is still ongoing throughout the county. He confirmed that the work of the various thematic groups is underpinned by data, and this will be drawn out in the plan. In addition, discussions are taking place with big employers already in the county such as Hitachi around areas such as electronics and the retraining of staff and also with companies looking to move to the county.

The Economic Development Manager commented that in relation to the People thematic group they are looking at employment support, supporting those at entry level and those who are NEET, considering the best elements of the DWP to deliver through the SPF. In addition, the group is also looking at older people with support for training. In relation to advice to young people about career pathways he agreed that the choices are limited and that there is a need to provide advice to young people and carers at a younger age. He continued that many SMEs in the county don't know how to engage with the process or don't have the time and resources to do so. He confirmed that discussions are taking place in relation to how they can facilitate the engagement of small businesses.

Mr E Simons asked at what point would targets be included within the Delivery Plan. He highlighted that he would want to see targets for growth etc clearly visible within the Delivery Plan and that he suspected it would be two years before there are accountable measurements.

The Head of Economic Development responded that the report today was to explain the process of shaping the delivery plan and that it would be brought back to committee in late summer/autumn and that it would include targets and metrics. They were trying to define what the activities were and to align those targets and ensure that there were outcomes against each of the actions so that they could be held to account.

Councillor A Reed commented that prior to the 1990s our towns and villages had businesses located within them and they were thriving. However, subsequently the decision was taken to move businesses away from our towns and villages to areas located near key roads which left residents in towns and villages without work unless they could access transport. She then asked as to what support was available to existing small companies within towns and villages and to encourage businesses to locate to our towns and villages. In addition, she commented on her concern at the loss of skills within the county as a result of an ageing workforce and highlighted the importance of young people being trained in those skills. She then asked for clarification going forward, as to the how the county was going to compete with the rest of the country.

The Head of Economic Development responded that the county has two real advantages in that we have strategic sites allocated across the county and that a lot of local authorities did not have land identified. They also had a clear strategy and partners aligning to the strategy and devolution opportunities. He stated that the skills worry was across the piece and a lot of it was retraining in existing professions and the homing of the skills set in the county.

Councillor J Miller commented that a major issue in the county was the availability of public transport to enable residents to get to and from work and he used the example of interest in relation to 101 call handler jobs, however unless you had your own transport you would be unable to do the shift work required. He highlighted that it was pointless having available jobs if residents can't get transport to and from those jobs.

Councillor A Surtees referred to the evidence gathered during the Big Conversation that only had 1455 responses out of 533,100 residents in the county and highlighted that the comments made gave a picture at a point in time. She also referenced the 2021 Census which would also contain pertinent information; however, it was now a further year since this information was gathered and the economy had significantly changed. The Council therefore needed to be constantly gathering information and data to develop the Delivery Plan.

She commented that she was concerned that the report stated that the actions would be evidence based however this evidence was gathered over a year ago.

Councillor C Marshall highlighted that the county does need an Inclusive Economic Strategy and the importance of access to local good quality jobs. However, he commented that a lot of the evidence within the report was based on county wide and that the various towns and villages within the county have different needs, ambitions, and barriers and therefore 'one size does not fit all' and that this needed to be reflected in the Delivery Plan. He continued that in relation to barriers, poverty within the county was a huge barrier preventing access to housing, education etc and he commented that there was no acknowledgement of this in the strategy. In addition, other councillors had previously raised issues with IT connectivity and transport in the county and he highlighted that he hoped work on the above issues was taking place behind the scenes. He concluded by emphasising the need for the large programmes planned for the county to be delivered and used the examples of the Towns and Villages Programme and the Leisure Centre Transformation Programme.

The Chair agreed with a number of the comments made throughout the meeting and stated that he saw councillors as an enabler to enable people to set up business, to enable people to build houses and enable people to get on in life. He referred to Newton Aycliffe Industrial Estate within his local area and commented that children from the two comprehensive schools and they had the university training college that taught children mechanical skills and there was also an ITEC, but they still had a large number of unemployed young people in the local area.

Councillor C Martin commented that the Strategy needed to be delivered by clear pathways to ensure that people know how they can move in relation to economic improvement and that three areas of focus were important: Transport to and from work at the right times; how we meet skill shortages and ensure that those being trained are on right pathways and how communities improve/encourage business development in local areas.

Councillor D Sutton-Lloyd highlighted that he wanted to see actions delivered and commented that in his local area there were excellent training providers.

Councillor A Batey commented that a lot of young people in the county don't attend local schools so can't take advantage of any link that the local school may have with local businesses, not all young people attend a school linked to Employment Zones. She further commented that career guidance and support to young people was no longer available following the abolition of the Careers Service.

Mrs R Morris suggested that they needed to focus on the worst performing areas in the county and look at how they could lift their performance first.

She then suggested that the authority may want to revisit who they are currently working with and may need to consider as to whether they are engaging and working with the right people.

Councillor E Scott referred to the lack of careers advice and indicated that she would like to see some digital local resources for schools and hoped to come back later in the year with some details on this.

Councillor I Roberts highlighted that many young people even after passing the required courses are not given further opportunities. They wanted to work but the opportunities were not given to them.

The Chair commented that sadly it is not just young people, older employees having done a job for many years are suddenly required to have specific qualifications because of changing regulations.

Resolved: The Committee endorsed the proposed process and timescales for the development of a Delivery Plan for the IES and to review the draft plan before it is presented to Cabinet in November.

Councillor E Scott left the meeting at 10.53 am

7 Quarter Three 2022/23 Revenue and Capital Outturn Report

The Committee considered a joint report of the Corporate Director of Resources and Corporate Director Regeneration, Economy and Growth which provided details of the forecast outturn position for quarter three revenue and capital for Regeneration, Economy and Growth (REG) as at 31 December 2022 (for copy see file of Minutes).

Councillor J Miller made reference to page 45 of the pack, paragraph 18 where it was stated that the overspend in Planning and Housing was largely due to anticipated additional expenditure of £0.79m in Housing Solutions with regard to temporary accommodation in the form of B&B and holiday lets. He continued that the county had a lot of empty properties which could be brought back into use and suggested that Durham County Council compulsory purchase these properties, undertake the necessary works and then rent them out to residents who would otherwise be accommodated in B&B and holiday rents. This would produce a rental income for the authority.

The Finance Manager commented that he would take this comment/suggestion back to the service and confirmed that the service was currently looking at buying accommodation in areas where there was highest need in the county.

Councillor C Marshall referred to the capital programme and asked for details of the inflationary pressures. He also asked for more detail in relation to the legal costs and professional fees totalling £0.775m in respect of Milburngate.

He asked for clarification as to whether the legal costs had resulted because Durham County Council had tried to sue the developer.

The Finance Manager referred to the capital programme and inflationary pressures and indicated that he would get a response to this from the Head of Corporate Finance and Commercial Services. He would also discuss with Legal Services and provide a response in respect of Milburngate.

Councillor K Robson made reference to his local leisure centre run by the Parish Council and commented that they were claiming back VAT and that they expected to receive a substantial sum of £200,000. He continued by asking whether Durham County Council was pursuing any such claims.

The Finance Manager confirmed the Durham County Council was pursuing such a claim and that the authority was expecting good news in relation to the claim. He confirmed that once he received the information regarding Durham County Council's claim, he would provide a response for circulation to members of the committee.

Resolved:

That the contents of the report be noted.

8 Quarter Three 2022/23 Performance Management Report

The Committee considered a report of the Corporate Director of Resources which presented an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlighted key messages to inform strategic priorities and work programme for the period in and to the end of quarter three, October to December 2022 (for copy see file of Minutes).

Councillor C Marshall suggested that the current Key Performance Indicators in relation to percentage of Business Durham floor space that is occupied, should be revised/replaced or a further additional indicator added identifying new premises built for Start-ups and Small and Medium Enterprises SMEs or premises that had been repurposed, again for the use of start-up businesses and SMEs. He continued that there was a need in the county to create a new stock of business premises for smaller businesses including start-ups. He then referred to the Selective Licensing Scheme, he understood that enforcement was falling to the Environmental Health Officers and that the service does not have the staff to carry out the inspections. He asked for clarification as to whether the Service had the resources to carry out the necessary inspections and any enforcement action.

The Strategy Team Leader agreed to take back for discussion with the service as to what Key Performance Indicators can be provided in the future and to provide a response in relation to who is responsible for carrying out inspections and enforcement under the Selective Licensing Scheme and whether there are sufficient resources available to support the required inspections and enforcement action.

Councillor J Miller commented that there are streets of empty properties in the Selective Licensing areas and that he understood that if a property in a Selective Licensing area does not have a tenant, then it was not subject to the enforcement powers within the scheme.

The Strategy Team Leader agreed to follow up with the Service and provide a response.

A number of members requested that the Selective Licensing Scheme come to a future meeting of the committee. It was referenced that the Selective Licensing Scheme had featured in the housing focused meeting held in March however, members still had questions and concerns which needed to be responded to by the service. It was confirmed that the Selective Licensing Scheme had been raised at a recent meeting of the Safer and Stronger Overview and Scrutiny Committee and that initial discussions had been held with the Head of Planning and Housing about future housing items for the 2023/24 work programme and that the Selective Licensing Scheme had been identified as an item for inclusion. However, it was felt by members that the Selective Licensing Scheme needed to come to formal committee early in the 2023/24 work programme.

Resolved: That the contents of the report be noted and the overall position and direction of travel in relation to quarter three performance, the impact of COVID-19 pandemic recovery and the external international factors driving inflation and cost-of-living on the council's performance, and the actions being taken to address areas of underperformance including the significant economic and well-being challenges because of the pandemic.

9 Minutes of the County Durham Economic Partnership Board held on 8 February 2023

Resolved:

That the minutes of the Economic Partnership Board held on 8 February 2023 be noted.