

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Monday 27 January 2014** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Armstrong, A Batey, J Bell, J Clare, D Hall, A Hopgood (substitute for O Temple), J Maitland, H Nicholson, R Ormerod, A Patterson, J Rowlandson, P Stradling, A Willis and S Zair

Co-opted Members:

Mr P Robson (JobCentre Plus)

Also Present:

Mr D Kinch

1 Apologies for Absence

Apologies for absence were received from Councillors I Geldard and O Temple.

2 Substitute Members

Councillor A Hopgood substituted for Councillor O Temple.

3 Declarations of Interest

There were no Declarations of Interest.

4 Items from Co-opted Members or Interested Parties

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

5 Youth Employment Initiative - Overview

The Chairman introduced the Strategic Manager, Progression and Learning, Children and Adults Services, Linda Bailey who was in attendance to give an overview of the Youth Employment Initiative (for copy see file of minutes).

The Strategic Manager, Progression and Learning explained that the Youth Employment Initiative (YEI) represented a unique opportunity to make a real difference for young people aged 15-24 years old who were not in education, employment or training (NEET). It was explained that County Durham, as a Transition Region was allocated €157 Million, and the North East Local Enterprise Partnership (NELEP) allocation in total, including the Transition Region amount, was €539.6 Million. Members noted that only 7 areas in the country had been allocated YEI funding, with the total for County Durham being €9 Million from YEI, €9 Million from the European Social Fund (ESF) and an amount of €6 Million in match funding (€24m in total). It was explained that the €24 Million needed to be committed by 2015, and spent by 2018.

Councillors noted that the draft NELEP European Structural and Investment Funds Strategy had been submitted to Government and a finalised version would be passed to Government for approval by the end of January 2014, with a response expected by March 2014. The Strategic Manager, Progression and Learning explained that there would be a period of discussion as regards the programme and that this would last through to Autumn 2014, with procurement exercises to take place late 2014. Members noted that this represented a tight timescale in which to discuss and decide upon where to allocate funds, in the context of the NELEP.

The Committee noted that Government indicated that there should not be a single model for activities that YEI would fund, rather activities should take into account existing provision and needs. Members noted several areas that were particularly relevant to YEI, including: literacy and numeracy; targeting marginalised groups; and brokering between young people and employers. It was noted that this was not a proscriptive or exhaustive list. Councillors noted that an Activity Group was formed by the County Durham Economic Partnership (CDEP) to bring together a range of partners, with the Strategic Manager, Progression and Learning being lead officer. Members noted that an evidence base was being established and 6 activity clusters had been identified which included: raising aspirations for vulnerable young people; peer mentoring; supporting transitions; supporting young people's employment; world of work and enterprise; and pre-engagement activities.

The Strategic Manager, Progression and Learning added that within the activity clusters, there were schemes including: extended work experience; volunteering and mentoring, including paid mentoring using existing apprentices; supporting transitions to help ensure sustainable progression; and taking a proactive role with employers to create apprenticeship, training and work experience opportunities. The Committee learned that there was an example of the work currently being undertaken in relation to "world of work and enterprise", business ambassadors which inspires young people in relation to enterprise, followed up with enterprise activities both within the school day and after school. Councillors noted that there would be a number of pre-engagement activities with bespoke schemes developed for groups of young people with specific barriers preventing them moving forward.

The Strategic Manager, Progression and Learning concluded by noting that while it was early days within the process, once NELEP and strategic feedback regarding funding and appropriate activities was received, a programme as regards the funding allocations would be drawn up for the following year with partners, including with young people themselves.

The Chairman thanked the Strategic Manager, Progression and Learning and asked Members for their questions on the presentation.

Members asked questions in relation to: who would provide match funding; the impartiality and quality of the information advice and guidance (IAG) provided to young people; provision of supporting young people in becoming entrepreneurs; matching young people with available vacancies; matching skills to those required by employers, including identifying skills shortages; the role of business advisors in respect of brokerage with employers; and the levels of NEETs and “not knowns”.

The Strategic Manager, Progression and Learning explained that there were several possible sources for match funding, including Government agencies such as the Skills Funding Agency (SFA), the Department for Work and Pensions (DWP), or organisations such as the Big Lottery Fund, though this would be for determination by the NELEP with those discussions ongoing. Members noted that if there was not capacity within existing arrangements, either in-house or provided locally, then a suitable specification would be drawn up for any procurement exercise. Councillors learned that there was an enterprise strand, particularly looking at those post-16, however, there were other EU initiatives that focused on Business Support, including helping young people in starting a business. It was added that Business Advisors would be looking to help demonstrate the benefits to employers of taking on young people, with extended work experience prior to employment, apprenticeships and help with administrative issues associated with taking on a young person. Members noted that Business Advisors would “bang on doors” to help sell young people to employers, however, there would a need to ensure that the right young people were matched to employers to help stimulate employment. The Strategic Manager, Progression and Learning noted that the latest approximate figures, yet to be confirmed, were for the NEETs level being at 7.4%, and the “not knowns” being at 6.4% and that a strategic partnership plan concerning NEETs including early interventions to tackle the “not knowns” was being developed and in relation to the activity clusters it was confirmed by the Strategic Manager, Progression and Learning that interested members who wanted to get involved and suggest areas of activity for inclusion within the clusters could do so.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the Youth Employment Initiative within County Durham at a future meeting of the Committee.

6 Digital Durham - Overview

The Chairman introduced the Head of ICT Services, Resources, Phil Jackman who was in attendance to give an overview of the Digital Durham Programme (for copy see file of minutes).

The Head of ICT Services reminded Members that the aim of the Digital Durham Programme was to bring superfast broadband, speeds in excess of 24 megabits per second, to all the businesses, homes and communities across County Durham.

Members recalled that Durham County Council (DCC) was working with other Local Authorities in respect of this and, based upon the outcome of the procurement process, 96% of premises would have superfast access, the 2% representing 96%-98% coverage would have access to broadband at speeds of 10-15 megabits per second, with the remaining final 2% having access to broadband and speeds of around 2 megabits per second. It was highlighted that this provision would be at current market rates with services being offered by retail Internet Service Providers, for example BT, Sky and Talk-Talk amongst others.

The Committee learned that the majority of provision would be via new fibre optic enabled cabinets, linked to existing copper cabinets that provide telephone services, known as fibre to the cabinet (FTTC). It was added that there were 9 phases within the deployment plan commencing in April 2014 and ending in September 2016, however, the first fibre cabinet just off Durham City market place was made live and officially launched on 17 December 2013, ahead of schedule. It was noted that this highlighted that it was not just rural areas that required works to enable superfast broadband and that many semi-urban areas also needed improvements.

The Head of ICT Services explained that it was through "Digital Inclusion" that the benefits of superfast broadband would be delivered, with activities to maximise the take up of the services, such as working with individual Area Action Partnerships (AAPs) as local cabinets were brought into use. Members noted that there could be scope for a small "claw back" of some funds, and that the Digital Durham Programme was a member of "Go On North East". Councillors noted that digital inclusion training had begun with DCC staff from Neighbourhood Services; the Programme was working with Business Durham in respect of business engagement and the take up of services on business parks; and there was ongoing work with Town Centre Managers to highlight regeneration opportunities presented by superfast broadband.

The Committee noted the bid to the Rural Community Broadband Fund for additional funding for Teesdale and Weardale, the final application to be with the Department for Environment, Food and Rural Affairs (DEFRA) by 28 February 2014. Councillors learned that the Programme had submitted a digital inclusion project as part of the new European Regional Development Fund (ERDF) Programme 2014-2020 and that this would be aligned with other potential ERDF funded projects. The Head of ICT Services concluded by noting that there was £250 Million yet to be allocated via Broadband Delivery UK (BDUK)/Department for Culture, Media and Sport (DCMS) and while it was likely that this would be allocated to those areas in the county to move from 90% to 95% provision, there may be scope to access some of the funding to help with any premises that still had poor broadband provision, guidance to be provided from Government in due course.

The Chairman thanked the Head of ICT Services and asked Members for their questions on the report, noting a Co-opted Member from the Environment and Sustainable Communities Overview and Scrutiny Committee and Overview and Scrutiny Management Board, Mr D Kinch had a question as regards this item.

Mr D Kinch thanked the Chairman and asked whether the application to DEFRA was the same application that had been submitted last September, 2013. The Head of ICT Services noted that there had been several applications to DEFRA and that Officers were working hard to try and progress the issue.

It was noted that should there be no progress via DEFRA, then there would be alternative plans drawn up to work without DEFRA. Mr D Kinch noted that Government had said that there was £10 Million available for rural broadband provision. The Head of ICT Services noted that the funds mentioned were for “alternative” technology for connecting to internet services and not for rural areas as such, and in any event, it was unlikely that those alternative technologies would be appropriate and unlikely that the areas in question would be eligible to access those funds.

Councillor A Hopgood highlighted that issues with broadband speed and internet connectivity were not just rural issues and asked what pressures could be put on British Telecom in relation to connectivity at Newton Hall. The Head of ICT Services acknowledged the issue of broadband speed was not just a rural issue and explained that the aim for the project was 100% connectivity countywide. It was added that some areas, such as Newton Hall, were in what were previously designated as within BT’s commercial roll out and were not eligible for state aid, albeit those areas were being addressed in respect of improving broadband speed. Councillors asked what works were required subsequent to cabinet surveys. The Head of ICT Services noted that as cabinets were coming into service, local Councils would be involved as appropriate and that surveys had only shown 1 cabinet that was not taken forward, due to prohibitive cost, and that cabinets generally required some civil works mainly in respect of connection to the electricity grid.

Resolved:

- (i) That the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the Digital Durham Programme at a future meeting of the Committee.

7 Masterplans - Update

The Chairman introduced the Regeneration Projects Manager, Chris Myers and the Community Economic Development Manager, Wendy Benson who were in attendance to give an update on Masterplans (for copy see file of minutes).

The Regeneration Projects Manager reminded Members that Masterplans coordinated the regeneration activities across the County and fed into the County Durham Plan (CDP) and Infrastructure Delivery Plan (IDP). The Committee noted that there was engagement with partners, stakeholders and communities as regards Masterplans, and development was based on a corporate approach, in line with the Regeneration Statement and the RED Capital Programme, as well as taking into account other public and private sector partners’ activities. It was confirmed that Masterplans had now been prepared for all County Towns. The Community Economic Development Manager explained that the Targeted Business Improvement (TBI) scheme had looked to help improve the streetscape, and/or help businesses expand or move into empty units.

Members noted that £390,000 of DCC funding had delivered: 37 improved premises; 6 new businesses; 98 jobs; training opportunities; and had also secured a sum of over £400,000 of private sector investment in addition.

In terms of specific delivery activities, the Community Economic Development Manager noted: TBI at Consett, a new bar/restaurant creating 20 jobs; links to training providers; and physical improvements including new paved areas and bollards. Members noted in Stanley: the Town Council had invested heavily in street furniture and lighting; work had been undertaken in conjunction with the Head of ICT Services in relation to switching the local "Pubwatch" from analogue technology to digital; renewal and links to car parking at Front Street; the bus station site; and an emergency group had been set up in relation to the recent fires, involving Officers from Neighbourhood Services with some involvement from RED. In relation to Chester-le-Street, Councillors noted that there were opportunities in respect of: tourism linked to the town, park and Durham Cricket Club; improving links from the park to the town centre; and improving links from the train station to the town centre.

The Regeneration Projects Manager reminded the Committee that the marina at Seaham was opened in July 2013 and retail space was being let, with an ice-cream parlour to open in the next 2-3 weeks. Members noted that the recent winter weather had produced some spectacular images of waves crashing at the harbour, with one particular image being in the top 10 images on the BBC News website. Councillors noted a recent Cabinet report regarding the North East Industrial Estate at Peterlee, and noted development in Durham City at Freeman's Reach scheduled for completion in February 2016. Members noted flood modelling work regarding Durham City, carried out together with the Environment Agency, with the model completed in Autumn 2013, briefing sessions have been held with local Members; the University and local Residents Associations. The Committee noted the ongoing work on key development sites in the city, including the former City Baths site at Elvet Waterside, including adjoining University owned land, and Millburngate House.

The Community Economic Development Manager explained that activities at Spennymoor included a presentation at the Spennymoor AAP regarding the Masterplan, and will be developing projects over the next year. The Regeneration Projects Manager reminded the Committee that DurhamGate was the largest mixed-use regeneration project in the North East, with the highways infrastructure now completed and other adjoining sites being looked at regarding further development.

Councillors noted that as well as the well-publicised Hitachi development, Newton Aycliffe had also several good improvement activities including relocation of the library into the leisure centre / Customer Access Point (CAP). Members noted that at Bishop Auckland there was ongoing work with the Auckland Castle Trust and their Heritage Lottery Fund project and work to maximise the occupation and retail offer at the Newgate Centre. The Community Economic Development Manager explained that an overall public realm strategy needed to be developed for Shildon and there would be opportunities to improve the attractiveness and accessibility of the town centre, and potential for the removal of some street signage and street furniture.

Members noted several activities ongoing at Crook, including: relocation of the depot to free up land for development; development at Queen Street for food retail; the CAP moving into the library; support for sustainable travel options; and improved public realm and retailer support.

The Regeneration Projects Manager concluded by noting regeneration activities at Barnard Castle including bird screening and tree planting at part of the Heart of Teesdale Landscape Partnership; the new CAP which was opened to the public on 10 January 2014, with an official opening by the Chairman of Durham County Council and the Mayor of the City of Durham, Councillor P Charlton scheduled for 12 February 2014; and a preferred developer has been agreed for the former Council offices at Teesdale House, where we expect that they will submit their planning application in Spring 2014.

The Chairman thanked the Officers and asked Members for their questions on the presentation.

Members asked whether there was still a hierarchy in place for those settlements outside of the 11-12 “main settlements” and noted that local Members should be kept informed as regards when Masterplans would be discussed and implemented. It was confirmed that Local Members would be kept informed in relation to discussions on Masterplans.

Resolved:

That the report and presentation be noted.

8 Skills Development - Overview

The Chairman introduced the Employability Manager, Regeneration and Economic Development, John Tindale who was in attendance to give an overview of Skills Development in County Durham (for copy see file of minutes).

The Employability Manager thanked Members and referred them to several graphs within the presentation that gave various figures including those relating to: NELEP sectors with net employment growth; employment by sector for the County; qualifications of County Durham residents; apprenticeship performance; and UK and North East employment projections by sector 2010-20.

Councillors noted that the Hitachi development was an example kick-starting an interest in developing skills and hopefully discussions with Hitachi in due course will allow for local provision to be developed accordingly. Members learned that there was a perceived knock-on effect that many nearby local employers were “holding their breath” as regards developing their business, taking on apprenticeships or taking up training opportunities, awaiting the arrival of Hitachi before making decisions about their future. Members noted that further information as regards regional partnership working in developing an independent assessment of skills needs could be brought back to Committee at a future meeting.

The Committee noted that current key issues included preparing young people for jobs that would become available by offering IAG in schools, and wider, engaging with schools and employers to give young people a good and realistic view of their options. It was added that labour market intelligence was important, with a further report to come on this issue, and that the relevant statistics would need to be monitored in order to match skills to emerging jobs/employers such as Hitachi.

Councillors noted that economic confidence was also important though, as previously mentioned, some businesses were holding back on investment in staff/training in case of people looking to move into emerging jobs with employers, such as Hitachi. The Employability Manager noted the funding mechanisms in place such as EU funding via ERDF, YEI and some funding that could be available regarding higher level skills, and it was reiterated that match funding was required. Members were reminded that all activities were in the wider context of reductions in budgets not only at Local Authorities, but at other public sector bodies and private sector partners. It was explained that funding for skills training for 15-24 year olds was available, however, for those 24+ there was less funding available. Councillors did note a 24+ scheme in the south of the County, and a project working with those 50+ enabling them to get back into work.

The Employability Manager referred Members to a diagram showing supply and demand, highlighting that there were differences across the County and that in many cases there was a need to convince employers of the opportunities that were available to them and to convince them to produce a 3-5 year business plan that would help them with workforce development; business continuity and succession planning; and to grow their business where appropriate.

Councillors learned that in cases where employers needs are not being met, it can often be the case that employers struggle to articulate what skills they require and have unrealistic expectations of how quickly new employees can adapt and become fully productive. It was reiterated that in many cases employers were still finding it difficult to access the skills system and confusion often led to employers giving up and not investing in new employees or further skills training for existing employees.

The Committee noted that schools, in general, were still finding it difficult to involve employers and a barrier was that IAG was in many cases still only pushing an academic route, not including advice as regards vocational qualification, apprenticeships, entrepreneurship and those sectors of employment that were growing and likely to be looking for specific skills. Members noted that at both Further Education and High Education, funding was a still learner-led rather than employer-led and there was felt to be a mismatch between the types of bespoke training courses employers wanted in comparison to those being offered by providers. Issues of retention of higher level skills within the County were noted, with fewer graduate opportunities being available and better opportunities and high wages being offered elsewhere.

The Employability Manager explained that priorities for 2014 included: implementation of the School-Business Engagement Action Plan; continuing encouragement and facilitation of apprenticeship creation; workforce up-skilling via the ESF programme, NEETs; and the Adults Skills Strategy/Community Learning Strategy. Members noted a report regarding the skills required in Newton Aycliffe and the surrounding area was at an early draft stage and could be brought back to Committee at a future date.

The Employability Manager concluded by noting that discussions with the Developer at the Hitachi site, Shepherd, had been positive, with the company having an excellent apprenticeship scheme and that also sub-contracts would stipulate that there were opportunities for local people, either in employment or apprenticeship roles.

The Chairman thanked the Employability Manager and asked Members for their questions on the presentation.

Members noted that there were some issues with engagement and that companies could be cultural and asked questions in relation to: if skills are not available locally that skills would be brought in from elsewhere; reiteration of training providers not matching employer needs and the difficulty of providing bespoke training; and encouraging the engineering and manufacturing sectors as viable careers for young people.

The Employability Manager noted that experience of Shepherd suggested that over time what skills are needed in the area would emerge and that good communication would be important moving forward. Members noted there was the possibility of some skilled jobs requiring people brought in from outside of the County or region, however the majority of the employment opportunities would likely fall locally.

The Employability Manager noted that working with employers was important to develop training that delivered the skills they needed, and that the latest EU programme did push to deliver what employers required. It was noted that many providers were flexible, however, many employer were not aware and therefore it was important to engage with employers to ensure that opportunities are not missed. The Employability Manager agreed with Members as regards employers providing apprentice opportunities and cited Shepherds as a good example of this with all of the executives that had attended a recent meeting having started in the company as apprentices. Members were reminded of the work of the Sector Skills Councils, in particular regarding engineering in the region and noted a large event held at Nissan in October 2013 pushing the engineering and manufacturing sector, with all Head Teachers from the region being invited to attend in order for them to appreciate the options available and then cascade this so that pupils were aware of this career path.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further information in relation to the independent assessment of skills development in the Newton Aycliffe area at a future meeting of the Committee.

9 Combined Authority - Consultation

The Overview and Scrutiny Officer, Diane Close referred Members to the report for information relating to the consultation regarding the Combined Authority for Durham, Northumberland and Tyne and Wear.

Members noted that the Committee had fed into the response from Overview and Scrutiny, with the Chairmen and Vice-Chairmen of the Economy and Enterprise Overview and Scrutiny Committee and Overview and Scrutiny Management Board having signed off the response.

Resolved:

That the report be noted and the submission be endorsed as the formal response from Overview and Scrutiny.