

Appendix 2

OVERVIEW AND SCRUTINY WORKING GROUP REPORT - IMPACT OF PUBLIC SECTOR FUNDING AND POLICY CHANGES ON THE ECONOMY OF COUNTY DURHAM REVIEW OF RECOMMENDATIONS CONSIDERED BY CABINET ON 7 MAY, 2014.

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p>1) That Durham County Council and partners continue to monitor the impact of changing policy and funding reductions on the economy of County Durham, identify concerns and opportunities and take these into account as part of the priority development processes.</p>	<p>The Regeneration and Economic Development Service Grouping within the Council and County Durham Economic Partnership, through its Board and Working Groups, identify current challenges and in partnership work together to maximise opportunities to support economic growth. There is a continued commitment to addressing need and opportunities, whilst taking account of the available resources and their effective use, to ensure that impact can be delivered.</p> <p>The CDEP is committed to sharing relevant market intelligence, ensuring effective collaboration, influencing all levels of partnership working and maximising the impact of available resources for the benefit of the local economy. Through an established Data Management Group, the partnership evaluates that <i>we are doing the right things, in the right places and in the right ways.</i></p> <p>The Council and partners commitment to create an Altogether Wealthier county have recognised the long term priority of job creation, with improving the employment rate as its top priority and measure of success. This has been reflected within the refresh of the Sustainable Community Strategy and is a core component to effective investment planning within the RED Service Grouping and within partnership plans.</p>	<p>RED, DCC</p> <p>CDEP partners</p>	<p>Ongoing commitment</p>

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<p>2) That the Economy and Enterprise Overview and Scrutiny Committee receive as part of the six monthly systematic review of the recommendations contained in the Scrutiny Review report information of developments and key economic issues from the County Durham Economic Partnership Data Management Group.</p>	<p>Through the Data Management Group a State of the County Report was produced and presented to the CDEP Board on November 3 2014. The report and presentation considered performance against the partnerships' five measures of success and key economic messages.</p> <p>What is clear is that the county has suffered deeper and longer impacts as a result of the recession in comparison to the national picture. Whilst, the county is beginning to witness improvements across the measures of success, there is still a lag, and significant gaps to narrow. There are also areas within the county that have witnessed more acute impacts.</p> <p>By strengthening our assets and investing in our economic infrastructure, as partners we can release the county's potential for growth. With recent developments through the North East Local Enterprise Partnership (NELEP) and the North East Combined Authority, project proposals for Local Growth Funding and the development of the North East European Structural and Investment Funding Strategy, and an incoming government in 2015, it is paramount that as partners within County Durham we continue to strive to achieve our longer term ambition and monitor ourselves against our agreed measures of success.</p> <p>Whilst, these measures of success targets were set prior to the recession they still remain relevant and we need to continue to understand the state of our economy, recognise and track our performance, clearly articulate our top investment priorities and</p>	<p>County Durham Economic Partnership</p>	<p>Ongoing</p>

	<p>approaches to deliver economic growth over the longer term. The Board agreed that the employment rate remain the priority measure.</p> <p>Through its Core Working Groups, the CDEP will continue to add value and work in partnership to tackle the economic issues facing the county. Where possible data intelligence and information sharing is maximised to inform decision making processes.</p>		
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<p>3) That Durham County Council and partners consider the right balance in pursuing interventions that address need and deprivation within the County and opportunity, ensuring that any concerns influence priority actions.</p>	<p>As detailed within review recommendation 1), the council and CDEP are committed to this approach. It is important that we take a balanced approach and '<i>do the right things in the right ways</i>' through an informed approach to address both need and opportunity within the county. This is a continual process, within the council through identifying opportunities against need and effectively planning delivery through management and service planning processes.</p> <p>The partnership and the council are committed to stimulating and supporting economic growth within the county. Through job creation initiatives and a careful balance of need/opportunities it is an iterative process to ensure delivery. Through a variety of initiatives the council and partners are taking a multifaceted approach to realise jobs growth whether this is through direct investment of stimulating the market where there is market failure. Initiatives include:</p> <ul style="list-style-type: none"> • Durham City Board with a portfolio of initiatives to exploit the potential opportunities of the city • Local Growth Fund investment to open up sites in Aycliffe for 3,400 additional manufacturing jobs 	RED, DCC	Ongoing commitment

- Horden Railway Station to connect people to labour markets
- Investment in Innovation and expansion of NetPark
- Support to business with potential for growth and additional employment
- Access to finance for business and employment growth
- Future business creation / self-employment programme based on successful Be Enterprising principles
- Allocations of employment land in the County Durham plan
- Co-ordinated efforts to market Durham through events and to exploit business opportunities from higher visitor numbers
- Additional housing to attract more employed people and create demand in the local economy
- Future employability projects, based on recent knowledge of what works
- Support for training, apprentices and higher skills.

The County Durham Business, Enterprise and Skills Working Group continue to consider key issues in line with its strategy and investment development, business growth, and skills and employability. The current Business, Enterprise and Skills Strategy is under review and a new strategy expected within summer 2015. Recognising the strategic challenge of supporting our businesses the BESWG maximises its collective intelligence to ensure we understand the business need and demand and articulate the opportunities for partnership working.

The BESWG has supported the Federation of Small Business (FSB) to ensure the opportunities through the Social Value Act are utilised. Durham County Council

	<p>has led the way in examining procurement potential of its services. This work is now being nationally recognised and there will be a partnership opportunity to supporting and developing the local supply chain, as well as wider partner engagement.</p> <p>The BESWG has also successfully incorporated a cross partnership Education & Business Board. Building on agreed actions the board is currently securing wider membership and examining resource implications and activities set against agreed SMART actions.</p> <p>The County Durham Housing Forum continues to consider a range of issues that impact upon the economy including, welfare reform, housing need, affordable homes and community safety. The current Housing Strategy is currently being reviewed and refreshed by partners and is due to be implemented from April 2015. This strategy will address the right balance of need and opportunity, ensuring we take the right approach to meeting our housing growth ambitions through the development of the County Durham Plan and tackling more housing standards and social issues.</p> <p>The Council and partners continue to support and cement the triage process to help minimise the impact of this welfare reform agenda upon our residents. The triage approach was established with partners in April 2013 and provides advice and guidance or signposting of housing customers to relevant organisations in three key areas; housing needs, debt advice and welfare benefits and employability. This includes support for customers in making an application for a Discretionary Housing Payment (DHP), (DHP are made by the Council to people who need assistance with their</p>		
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	<p>housing costs). During 2013/14 8407 people were interviewed as part of the joint triage process and all partners have agreed the importance of the triage going forward. During Quarter 1 2014/15 over 600 people were triaged; approximately 700 discretionary housing payment (DHP) applications were processed and 450 new awards were made for DHP.</p> <p>A review of the Triage process is underway, including how to improve employability and Housing Forum partners are committed to embedding this process further within their own organisations. A workshop on employability was held in October 2014 with Registered Housing Providers which looked at current inconsistent practices and how this could be improved. Notes are being collated and further discussion with providers is taking place.</p>		
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<p>4) That Durham County Council and partners undertake a coordinated approach to maximise opportunities and benefits for County Durham presented through the North East LEP, North East Strategic Economic Plan and the EU funding programme 2014-2020 for our residents, communities and businesses helping to give them the right tools and support to access employment and economic growth opportunities.</p>	<p>The CDEP have taken a multi-faceted approach to stimulating and supporting economic growth opportunities within the county by informing wider strategy development through the North East Combined Authority and NELEP, informing policy development and working in partnership more locally through the Durham Investment Group and its EU workstreams to develop the outline EU Investment Plan for the county.</p> <p>Partners continue to meet to discuss latest government guidance and feedback, progress with workstream areas of activity, approaches to business engagement and the European Structural Investment Fund Committee. A workstream update report was presented to the CDEP Board in November 2014 to illustrate the breadth of activity that is being considered</p>	<p>CDEP</p>	<p>Ongoing commitment</p>

via partners. Core activity has included the Social Inclusion conference held in September 2014 with over 160 partners in attendance and continued communication with the North East Local Enterprise Partnership at both individual and group level.

The CDEP's Vice Chair is now a member of the Shadow North East ESIF Sub Committee (subcommittee of the National Growth Board), in recognition of County Durham's Transition Region status and the CDEP's advisory capacity. The Committee's inaugural meeting was on December 5 2014 and has an important role to endorse the approach and allocation of European Structural and Investment Funds across the NELEP area for the next EU Programme 2014-20.

The UK's Partnership Agreement has now been agreed with the European Commission. This is the high level strategy, which sets out how European Structural and Investment Funds will be spent across the UK. The more detailed Operational Programmes for ERDF and ESF for England are now being negotiated with the Commission, working through the detail of each priority axis, agreeing the activities to cover as well as the results, outputs and financial targets. The outcome of these negotiations may have further implications for County Durham depending on the detail that is included in the Operational Programme, in particular to around activities relating to ICT, flood mitigation, business premises, outputs to reflect capital investment and the description for YEI. Partners are working closely with colleagues in DCLG locally and feeding in comments nationally, through a range of mechanisms, to ensure these negotiations are informed of issues that will have an impact locally.

The programme management and approval mechanisms are still being determined through Government negotiation with the EU. It is becoming evident that the EU do not recognise the role of LEPs in the Governance of the programme, which is putting doubt over the UK Government's strategy to date of giving LEPs a strong role in endorsing local projects in accordance to local strategic fit. The precise role of the LEP level local sub committees remains uncertain. The Government have revised their estimates of a start date for the programme back from Spring to Summer 2015. This may have implications for the continuation of particular activities currently being funded through ERDF and ESF from the 2007-2013 programmes. There are a number of emerging risks to the programme, including the impact of prolonged delays to the start of the programme. Other keys risks include that Government Departments are proving unable confirm the level of support for key "opt in" arrangements, putting doubt over co financing of certain elements of the Youth Employment Initiative (YEI) programme. The Government has also confirmed that the MAS, Growth Accelerator and UKTI opt-ins are no longer on offer, however these will be taken forward as distinct projects instead.

Internally processes within the council have been established to ensure managers are kept briefed of the opportunities available through future EU resources and internal project development/approval processes are in place.

The council is working with the North East Local Enterprise Partnership and North East Combined Authority to not only inform policy development but support project development and project appraisal across the NELEP area. Particular focus has been on

	the development of projects to access 2015/16 Local Growth Fund resources.		
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5) That the Economy and Enterprise Overview and Scrutiny Committee as part of the Committee's work programme for 2014/15 continue to receive update reports in relation to the progress of the EU Funding programme 2014-2020.	<p>The CDEP and RED agree to provide timely update reports on the programme of the EU funding programme 2014-2020.</p> <p>Economy and Enterprise Overview and Scrutiny Committee received an update on 30th October 2014 and the next update is scheduled for 20th February 2015.</p>	RED, Strategy, Programmes and Performance	Regular ongoing updates
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6) That a review of this report and progress against recommendations will be undertaken six months after the report is considered by the Economy and Enterprise Overview and Scrutiny Committee at the meeting on the 7th April, 2014.	Update position provided within this report.	RED, Strategy, Programmes and Performance	Six monthly