

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 15 December 2014** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, A Batey, J Bell, J Clare, J Maitland, R Ormerod, P Stradling, O Temple and A Willis

Co-opted Members:

Mr I McLaren

1 Apologies for Absence

Apologies for absence were received from Councillors J Armstrong, J Cordon, H Nicholson, A Patterson, J Rowlandson, S Zair and Mr E Henderson.

2 Substitute Members

No notification of Substitute Members had been received.

3 Declarations of Interest

Councillor J Maitland declared an interest in Item 7 as a Board Member of East Durham Homes.

4 Items from Co-opted Members or Interested Parties

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

5 Digital Durham Programme - Update

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

The Head of ICT reminded Members that the Digital Durham Programme was to provide superfast broadband internet to all the businesses and homes in County Durham. It was added this was an ambitious task and that Durham County Council (DCC) was working with 9 other Local Authorities in respect of superfast broadband provision. It was explained that Phase 1 of the programme would deliver 96% coverage with connection speeds of 24 megabits per second, noting Government (Broadband Delivery UK) targets of 90% in Phase 1. Members noted that the Government target for Phase 2 was 95%, the Digital Durham Programme would already be ahead of this at Phase 1, and that Phase 3 would be to look to provide superfast broadband to the final few areas not covered. It was explained that the Digital Durham Programme was a retail product for homes and Small and Medium Sized Enterprises (SMEs) and did not deliver infrastructure, rather acted a broker for the service. Members were referred to several updates on progress, 150 fibre cabinets having been enabled and with British Telecom (BT) being ahead of schedule by 3 weeks. Councillors learned that the tender for Phase 2 was due to close in January, and that a process of advertising the availability of superfast broadband services to stimulate demand was ongoing, with activities including: leaflets/posters/banners; a number of case studies with families and SMEs; the Digital Durham website; stickers on the fibre cabinets; ICT awareness events; and articles within Council publications. The Head of ICT noted that the current uptake of superfast broadband was approximately 20% and concluded by noting that the Digital Durham Team had been runner-up at the recent Great Staff, Great Staff Awards and winners of the Regional Collaboration award at the inaugural Dynamo Awards, an organisation that represents the ICT industry across the region.

The Chairman thanked the Head of ICT and asked as regards any barriers, such as fees, that would prevent community groups taking up superfast broadband.

The Head of ICT explained that the price for the superfast broadband was fixed by the providers, and subject to market forces. It was added that for most people and many SMEs and organisations a lot of the “off the shelf” products would be sufficient, however, for some larger organisations, such as community centres, may require a more expensive product that provided a greater bandwidth.

Councillors asked questions in relation to: where the final few percent of properties were that would be last to receive superfast broadband; fibre to cabinet versus fibre to the home; difficulties in being able to speak to broadband providers; and the reach of coverage into rural areas.

The Head of ICT explained that the majority of the final 2% to attain coverage would be more rural areas such as Weardale and Teesdale, however, there were pockets within less rural areas, an example being Finchale in Durham. It was added that as the coverage approached 100%, the final few areas would be those that required a novel technical solution, with some areas not having provision via a cabinet rather a direct line to the exchange and Members were reminded of a Government limit of £1,700 per property in respect of providing superfast broadband access. It was explained that fibre to the home was a more expensive option, however, it was noted that while the speeds from the cabinet degraded by roughly half for every kilometre from the cabinet, BT were looking at technology to have 1Gbps at the cabinet, as opposed to 100Mbps currently and this would then help to ensure good speeds for those further from cabinets. The Head of ICT noted that while the Local Authorities had a good working relationship with BT Openreach, the part of the company dealing with infrastructure, there were numerous broadband service

providers and noted that there can be issues in dealing with those companies in some instances.

Members were reminded that the commitment of the Digital Durham Programme was for 100% superfast broadband provision, however as previously noted, the last few areas would require some new technological solutions.

Resolved:

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

6 Affordable Housing Delivery - Update

The Chairman thanked the Senior Housing Development and Delivery Officer, Regeneration and Economic Development, Angela Stephenson who was in attendance to give an update to Members in relation to Affordable Housing Delivery (for copy see file of minutes).

The Senior Housing Development and Delivery Officer reminded Members of a Government definition of affordable housing: “affordable housing includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market” and noted the different types of affordable homes. It was explained that “Affordable Rent” referred to properties developed by House Builders or Registered Providers at affordable rent, 80% of the market rent for that particular area. Councillors noted that “Social Rent” was an alternative to “Affordable Rent” and was worked out via a Government formula. It was explained that there was little difference between the two types of rent in the North East, however, in areas of the South East of the country there was a considerable difference. Members noted that “Discount Market Sale” was where eligible purchasers were able to purchase a property with a discount, generally 30%, and the discount remains as a charge against the property in perpetuity. It was noted this meant it can only ever be sold at a discount, for example 70% of market value if a discount of 30% was given, and remained an affordable property. Councillors understood that there was also the option of “Shared Ownership” where a prospective purchaser owns a proportion of the property and a Registered Provider would own the remainder, with the purchaser having the option to purchase more equity over time. Members were reminded of other national schemes to assist first-time buyers, although many of those were designed to stimulate the housing market rather than to give additional affordable housing provision.

The Senior Housing Development and Delivery Officer explained that the Strategic Housing Market Assessment (SHMA) had identified a shortfall of 674 affordable housing units and it was explained that it was projected that approximately 400 affordable units would be delivered in 2014/15 through a combination of the Homes and Communities Agency (HCA) Affordable Homes Programme, Section 106 developer obligations, and through affordable housing schemes delivered by Registered Providers using their own resources. Councillors noted that Registered Providers within County Durham had been awarded £5.2 million in grant assistance in respect of “firm schemes”, equating to an average of £22,000 per unit, equivalent to delivery of 235 units.

Members were reminded that the emerging County Durham Plan (CDP) set out the percentages of affordable housing across the county, being: North – 15%; South – 10%; West – 15%; Central – 20%; East – 10%. It was noted that DCC would work with Registered Providers to Developers to try and get the correct mix of housing and tenure type.

The Chairman thanked the Senior Housing Development and Delivery Officer and asked Members for their questions on the report.

Councillors asked questions relating to: fixed percentages of affordable housing and if they were subject to exceptions depending upon the size or location of a development; at what point the type and tenure of affordable housing would be agreed and how Members would know what the correct mix was; and whether public and private sector rent levels were converging or diverging.

The Senior Housing Development and Delivery Officer explained that the fixed percentages currently applied to developments of 15 or more houses, although recent changes in legislation may have an effect. It was added that there was a “rural exception” in cases of 5 properties or more and also issues where development could affect an Area of Outstanding Natural Beauty (ANOB). Members noted that the Development and Delivery Team would speak with Developers before the planning stage to discuss the site and the types of affordable housing that may be appropriate, together with supporting in any applications to access HCA funding. It was added that the Development and Delivery Team would be consulted by the Planning Section in their process of developing recommendations. The Senior Housing Development and Delivery Officer noted that further information as regards rent levels would be obtained.

Resolved:

That the report be noted.

7 Housing Stock Transfer Project - Update

The Chairman thanked the Housing Directions Manager, Marie Roe who was in attendance to give an update to Members in relation to the Housing Stock Transfer Project (for copy see file of minutes). The Chairman congratulated the Housing Directions Manager, the Housing Stock Transfer having won the Excellent Service award at the Great Staff, Great Stuff awards.

The Housing Directions Manager noted that a lot of activity was taking place in the run-up to the transfer of the Council's housing stock to a new group, comprising of the existing housing management organisations since December 2012. Members were reminded that a ballot of all Council tenants had resulted in a return of 11,316 votes from tenants with 82% voting in favour of stock transfer. The Council's Cabinet subsequently agreed to proceed with the transfer and the Department for Communities and Local Government (DCLG) signed off on the process, with the transfer scheduled to take place 23 March 2015. Councillors were reminded that transfer prior to 31 March 2015 ensured that the debt write-off of approximately £130 million would be given by DCLG.

The Chairman thanked the Housing Directions Manager and asked Members for their questions on the report.

Members asked questions relating to how the potential funders were scrutinised, for example on their ethical policies and the financial stability of those potential funding providers.

The Housing Directions Manager explained that the testing process for potential funders was very rigorous, looking at tests carried out by the Financial Conduct Authority (FCA) and each was met to discuss their social responsibility, and how that related to the County and our local communities. It was added that as the new Housing Organisation was “attractive”, the potential funders were all well established and long standing in the market.

Resolved:

- (i) That the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive further progress updates in relation to the development, impact and delivery of the new arrangements for housing in County Durham.

8 Increasing Young People's Employment Opportunities (18-24) within County Durham - Update on Recommendations

The Chairman thanked the Economic Development Manager, Graham Wood and the Strategic Manager - Progression and Learning, Linda Bailey who were in attendance to give an update to Members in relation to the recommendations from the review of Increasing Young People's Employment Opportunities (18-24) within County Durham (for copy see file of minutes).

The Economic Development Manager reminded Members of the Overview and Scrutiny review carried out in 2012/13, which was a result of Members noting an underperformance in the indicator looking at the number of young people aged 18-24 claiming JobSeekers Allowance (JSA). Councillors recalled a number of recommendations were made following the review and update on progress was attached to the agenda papers as an appendix.

The Committee were reminded that 10 of the 14 Area Action Partnerships (AAPs) had listed young people and employment as a priority, the AAPs providing significant funding for employment training, mentoring and towards the County Durham Apprenticeship Programme. Members learned that since the Programme started in November 2011, approximately 700 young people had been provided with apprenticeship positions, with Business Administration being the most popular with 150, engineering had 109 and electrician apprenticeships numbering 43. It was noted that engagement with new employers was good, mostly SMEs, and funds from the AAPs, combined with that from the National Apprenticeship Service (NAS), Coalfield Regeneration, DCC (Regeneration and Economic Development, RED) and other sources meant there was a total of £1.5 million supporting the businesses in County Durham.

It was explained that there were 400 employers involved across the county, representing a good geographical spread and that other options such as volunteering and social enterprises were noted. Members were reminded of pre-employment training, and the recent presentation to Committee, and of the Targeted Recruitment and Training (TRT) programme that would look to include social value clauses within development and procurement processes. Examples were given of apprenticeships that had been secured at DCC and with partners including: decent homes works with Durham City Homes (DCH), Dales and Valley Homes (DVH) and East Durham Homes (EDH); road surfacing works; and within the corporate telephony.

Members were reminded of the visit the Committee made to South West Durham Training (SWDT), and noted that the facility had recently received an “outstanding” rating from Ofsted. It was explained that there was a formal partnership between SWDT and Bishop Auckland College (BAC) to develop a fully comprehensive portfolio of vocational progression routes that responded to the range of training needs of employers, young people and adult learners. The Economic Development Manager referred Members to apprenticeship participation figures and funding information, noted the ending of Youth Contract wage subsidies in August 2014.

The Strategic Manager - Progression and Learning explained that there was an Education/Business Partnership looking at preventative measures, getting young people prepared for work and that it was one of the few such partnerships left in the region. It was noted that the number of work experience placements had decreased, and the Education/Business Partnership would look to identify additional resources to support that agenda. It was noted that next steps would be to look to use European Social Fund (ESF) in areas where gaps had been identified, supporting vulnerable young people and those that were Not in Employment, Education or Training (NEET). The Committee learned that 440 vulnerable young people had been engaged so far, with organisations such as Mencap, DISC and Sunderland AFC being involved. It was noted that funding was in place up to July 2015, with additional funding being applied for. It was added that the Youth Employment Initiative (YEI), as reported to the Committee at a previous meeting, picked up where the ESF funded scheme left off and that the YEI represented a great opportunity to help young people.

The Chairman thanked the Economic Development Manager and the Strategic Manager - Progression and Learning and asked Members for their questions on the report.

Members asked questions relating to: support by the Education/Business Partnership and funding; TRT; CEIAG traded services; and whether there was clear direction at parent evenings of the alternatives to further and higher education, namely apprenticeships and employment.

The Strategic Manager - Progression and Learning explained that there was support to ensure the needs of businesses, to stimulate demand and to ensure that there were enough people with the necessary skills to meet those demands.

The Economic Development Manager explained that TRT, Targeted Recruitment and Training, was a way of securing benefit via: planning applications, in terms of having Section 106 monies allocated towards work experience and apprenticeship places; and via Council Procurement, as set out within the Sustainable Procurement Strategy. It was explained that the TRT programme had been developed subsequent to the Government's Public Services (Social Value) Act 2012, with Cabinet agreeing 2 years ago how TRT would operate. It was noted that the programme was very successful in attracting voluntary undertakings from companies. It was added that County Durham was one of the first Local Authorities to use TRT with local businesses keen to be involved.

The Strategic Manager - Progression and Learning noted that CEIAG was Careers Education, Information, Advice and Guidance which had moved 3 years ago from being the responsibility of Local Authorities to being the responsibility of Schools themselves. It was added that Local Authorities still undertook CEIAG for vulnerable young people, and that it was encouraged that schools would look to provide independent advice in terms of being good for their pupils and would be a credit to any school in terms of performance. Members noted that the Local Authority could provide information for schools, including a Carers Guide and a Good Practice Guide and Toolkit. Members noted that where a young person is at risk of not being able to enter employment or education post-statutory education, then individuals can be referred to the One Point Service, with the Council's Children Adults Services (CAS) directorate providing support for individuals with learning difficulties. The Strategic Manager - Progression and Learning explained that the ESF Project "LA7 Youth Participation Project" targeted vulnerable young people and those furthest from the labour market and individuals would be provided with an "Education Care Health Plan", though there was support for vulnerable young people from a number of schemes, for example the YEI.

Resolved:

That the report be noted.