

## **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 **Thursday 8 January 2015** at **9.30 am**

#### **Present:**

**Councillor R Crute (Chairman)**

#### **Members of the Committee:**

Councillors J Armstrong, A Batey, J Bell, J Clare, C Kay, J Maitland, H Nicholson, A Patterson, J Rowlandson, P Stradling, A Willis and A Hopgood (substitute for R Ormerod)

#### **Co-opted Members:**

Mr E Henderson and Mr I McLaren

#### **1 Apologies for Absence**

Apologies for absence were received from Councillors D Hall, R Ormerod, O Temple and S Zair.

#### **2 Substitute Members**

Councillor A Hopgood substituted for Councillor R Ormerod.

#### **3 Minutes**

The Minutes of the meetings held 30 October 2014 and 7 November 2014 April were agreed as a correct record and were signed by the Chairman.

#### **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.

## **6 Media Relations**

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes). The articles included: proposals to regenerate The Gates Shopping Centre in Durham City, potential creating 120 jobs; extending the private landlord accreditation scheme; Beamish Museum winning a Gold Award at the North East England Tourism Awards 2014; and the Visit County Durham national campaign having generated 245 jobs and attracted an additional spend of £13 million.

### **Resolved:**

That the presentation be noted.

## **7 Quarter 2, 2014/15 Revenue and Capital Outturn**

The Chairman introduced the Finance Manager, Resources, Azhar Rafiq to speak to Members in relation to the Quarter 2 Revenue and Capital Outturn 2014/15 (for copy see file of minutes).

The Finance Manager reminded Members of the areas reported upon, the General Fund Revenue Account, the Housing Revenue Account (HRA) and the Capital Programme for the RED Service. Members noted the service was reporting a cash limit underspend of approximately £400,000 at Quarter 1 2014/15 and an underspend of £1.050 million at Quarter 2, against a revised General Fund Revenue Budget of £44.912 million. Members noted the major variances fell within Planning and Assets, with the detailed explanations as set out within the report including an increased income from planning applications and increased occupancy at NETPark. The Committee were informed that the service grouping was on track to maintain spending within the cash limit and Medium Term Financial Plan (MTFP) savings were incorporated into the outturn position.

The Committee noted that the HRA for 2014/15 had no major issues and the variances within the HRA being set out within the report including increased income as fewer Right to Buy sales and a lower void rate had meant additional rent and an underspend due to lower interest payments. Members were reminded of the ongoing work in relation to the housing stock transfer, for the Council stock to be transferred from the 3 current organisations to 1 provider, transfer due to be completed by the end of March 2015.

As regards the Capital Programme, the Finance Manager explained that subsequent to revisions to take into account grant additions/reductions and re-profiling the budget now stood at approximately £96.566 million split between the General Fund (£46.533 million) and HRA (£50.033 million). Members noted that the actual spend for the first three months of 2014/15 had been approximately £32.887 million, with a breakdown of the major capital projects given at Appendix 3 to the report.

The Chairman thanked the Finance Manager and asked Members for their questions on the finance report.

Councillors asked questions in respect of: security costs at a building at Whinney Hill; a breakdown of void rates by organisation; and any incentives in place to attract businesses to occupy Council owned properties.

The Finance Manager explained that he would check with the service as regards the ongoing security at Whinney Hill and report back to the Members and that the void percentages for the 3 housing organisations were: Durham City Homes, 1.32%; Dales and Valley Homes, 2.75%; and East Durham Homes, 1.56%. Councillors noted that Officers from the regeneration section would be best placed to explain as regards the approach to marketing Council business properties and that he would report back to the member having consulted with colleagues.

**Resolved:**

That the report be noted.

## **8 Members' Reference Group - Update on Recommendations**

The Chairman introduced the SPP and Resources Manager, Regeneration and Economic Development, Ray Brewis to speak to Members in relation to the recommendations that had come from the Members' Reference Group that had looked at the Impact of Changes in Government Funding and Policy on the Economy of County Durham (for copy see file of minutes).

The SPP and Resources Manager, reminded Members that the Reference Group had made 6 recommendations, with 2 of those being the regular reporting and follow up against recommendations at Committee. Councillors noted that the County Durham Economic Partnership (CDEP) Data Management Group were working to get better data against 5 key measures of success in terms of the economy, the main measure being job creation and the County had seen the beginning of improvements to the economy, however, there was a lag and significant gaps to narrow in comparison to the national picture. Councillors noted interventions that utilised funding from the European Union (EU), Local Enterprise Partnership (LEP) and the North East Combined Authority (NECA), albeit the current funding levels were significantly lower than those pre-recession. It was added that County Durham had the largest proportion of European Growth Fund (EGF) within the region (40% of the allocation) a number of projects being within Durham City including: North Road; Millburngate House; The Gates and at the sites of former Council Offices across the County. It was explained that other projects included the expansion of NETPark at Sedgfield and the Rail Station at Horden.

The Committee noted that, working with partners, the Council was looking to influence and access as many funding mechanisms as possible and provide the maximum benefit for County Durham. It was noted that DCC had good Member representation with the DCC Leader, Councillor S Henig being Chairman of the NECA, Vice-Chairman of the LEP and other DCC Portfolio Holders and senior Members representing the Authority on the NECA and other regional bodies.

The SPP and Resources Manager concluded by noting that guidance had not yet been received as regards the EU Operational Programme and the Single Growth Fund was just awaiting the final hurdles being cleared.

The Chairman thanked the SPP and Resources Manager and asked Members for their questions on the update.

Councillors asked as regards: DCC having match funding in place; any time-limits on funding relating to Employability and Skills; and any impact of the EU not recognising the role of the LEP.

The SPP and Resources Manager explained that match funding would have to be confirmed after EU funding was confirmed, though it was noted that LEP and DCC Capital funds would be utilised where appropriate. It was explained that funding relating to Employability and Skills were allocated to a 6 year programme, with a 3 year period after to complete any programmes, and while there was a delay of approximately 1 year, this time allowed for high quality plans to be prepared, which should in turn lead to quicker delivery. The SPP and Resources Manager explained that while the EU did not recognise the LEPs, Central Government would oversee EU funding, delegating to CAs and concerns as regards EU not recognising LEPs had been raised with Government.

**Resolved:**

- (i) That the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further report detailing progress made against the recommendations contained in the Members' Reference Group review report at a future meeting.

## **9 Housing Strategy - Overview**

The Chairman introduced the Principal Policy Officer, Regeneration and Economic Development, Graeme Smith to speak to Members in relation to the Housing Strategy 2015-2020 (for copy see file of minutes).

The Principal Policy Officer reminded Members that DCC was a Strategic Housing Authority and therefore a Housing Strategy was required to set out: key issues that would need to be addressed; activities that were taking place to address issues; and to provide a framework for partnership engagement. It was added that an Action Plan was produced and this would be updated annually to reflect any changes as required. It was noted that the current Strategy was for the period 2010-2015 and had been developed around 3 objectives: Altogether Better Housing Markets; Altogether Better Housing Standards; and Altogether Better at Housing People. It was explained that the new Strategy would build upon the existing Strategy, support partnership working and reflect the existing policy framework, noting national, regional and DCC policies including: the North East LEP Strategic Economic Plan and the Council's Sustainable Communities Strategy (SCS), County Durham Regeneration Statement and County Durham Plan (CDP).

The Committee learned that the CDP, and other plans and programmes, helped to provide an evidence base to underpin the Housing Strategy and a range of experts have been involved in scoping the evidence base.

Councillors noted that it was proposed to develop the Strategy with 5 objectives under 2 aims, the aims being Better Housing Delivery and Standards and Better Housing Support. Members learned that the new Strategy was delivery focused and the objectives under Better Housing Delivery and Standards were: Delivery of more homes and improvement of the housing stock;. Members noted that the objectives under Better Housing Support were housing support for older and vulnerable people; anti-poverty and access to housing. The Committee noted a number of issues that the Strategy would need to address, though it was added that the list as set out in the presentation was not exhaustive. Councillors noted a list of key dates within the development of the Housing Strategy, with the final report to go to for final approval by Members in May-June 2015, and further information on the context of the Strategy to be given to Members at the meeting of the Committee in February.

The Chairman thanked the Principal Policy Officer and asked Members for their questions on the report.

Councillors asked questions in relation to: types of housing being built, for example are there too many 3 storey “town houses” and not enough bungalows; whether the percentage of affordable housing as set out within planning conditions were being met, or whether Developers were negotiating fewer affordable units and building on “greenbelt” land.

The Principal Policy Officer explained that these elements of the Housing Strategy would reflect the County Durham Plan. It was noted that the aging population was reflected in the Housing Strategy and the CDP, with Policy 31 of the County Durham Plan setting out that in order to meet the needs of the County’s ageing population, 10% of new housing should be developed to increase the housing options for older people.. The Chairman noted that further information would be brought forward at the February meeting of the Committee.

Members noted examples of housing need in their Divisions, highlighting that different areas across the County had different requirements and asked as regards whether remodelling existing properties, returning voids to the market or building new properties would best help meet housing need and whether the Housing Strategy would take on board the difference across the County. The Principal Policy Officer noted that the new Housing Strategy would be developed in a spatial context and the associated Action Plan would be structured by delivery areas where appropriate..

**Resolved:**

- (i) That the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further report detailing feedback from partners and providing an update on the development of the Strategy at the meeting on 20 February 2015.

## 10 Durham Key Options - Update

The Chairman introduced the Core Team Manager, Housing Solutions, Regeneration and Economic Development, Andrew Burnip to give Members an update in relation to the Durham Key Options (DKO) choice based lettings scheme (for copy see file of minutes).

The Core Team Manager reminded Members of the background to the development of DKO and noted the partners involved including: Accent Foundation; Cestria Community Housing Association; Dale and Valley Homes; Derwentside Homes; Durham City Homes; East Durham Homes; Livin; and Teesdale Housing Association. Councillors learned that, as of December 2014, there were approximately 14,000 applications on the DKO system, with around 12,000 of them being active and the applicants being able to bid, representing a reduction in the overall numbers on the system. It was added that the reduction was thought to be as a consequence of the new allocations policy which included a need to register annually and limited applicants to 3 refusals of bids. Members received information relating to the DKO register split by Provider, noting that the Core Team would work to ensure that all Providers were assessing housing need in the same way. Councillors learned that, at 1 December, there were 5,045 people rehoused (2013/14), the majority being within Band C, 2,056. The Core Team Manager made reference to the table within the report setting out the number of transfers of social tenants within 2013/14 and highlighted the numbers moving from 2 bedroom properties to 1 bedroom properties. It was added that the DKO had expanded to now include 54 private sector landlords and Councillors were reminded of the Landlord Accreditation Scheme.

The Chairman thanked the Core Team Manager and asked Members for their questions on the report.

Councillors asked questions in relation to: the number of people registered and allocated to Band E, and whether those people had a realistic chance of being rehoused; whether someone within rented private sector housing would be allocated to Band E; and whether some people that had previously had problems with anti-social behaviour or had temporarily had to move into a private sector property were falling into a “sump” and being trapped in the private rented sector, unable to access public sector housing.

The Core Team Manager explained that the numbers of people within Band E historically were people who may have had their name on the “housing list” for a “rainy day”, however, the allocations policy now has annual registration, though individuals had the right to apply to DKO and to have their housing need assessed. Members noted figures as regards rehousing per band could be provided and that Band E had some use in case of hard to let properties. It was noted that if an individual was in private sector housing they could be assessed as Band E if their current property was meeting their housing needs. Councillors noted that all cases of individuals were assessed on their own merits, and individuals circumstances were taken into account accordingly.

### **Resolved:**

- (i) That the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update report at a future meeting of the Committee.

## 11 Quarter 2, 2014/15 Performance Management Report

The Chairman thanked the Performance and Planning Manager, Regeneration and Economic Development, Graham Tebbutt who was in attendance to speak to Members in relation to the Quarter 2, 2014/15 Performance Management Report (for copy see file of minutes).

The Performance and Planning Manager reminded Members of the different types of indicators reported, Tracker indicators and Target indicators.

Councillors noted that some of the key achievements in Quarter 2 included several linked to housing: the number of affordable homes delivered being significantly above target and the number of empty properties being brought back into use exceeding target. It was added that the success rate for adult skills funded provision had improved from the previous academic year and number of apprenticeship starts had exceeded target. Councillors learned that Business Durham had handled 403 business enquiries in the year to date, with this exceeding the target of 300 and it was added that support for individual companies had also increased and was ahead of target.

Members noted information relating to Tracker Indicators including: the number of application registered through DKO; the number of residents per 100,000 population over 18 starting a first degree, better than the North East rate though lower than the England rate; a reduction in homelessness presentations; and a reduction in the proportion of Council owned housing that was empty.

Members noted progress with Council Plan actions, such as: the County Durham Plan due for completion by September 2015, with stages 2 and 3 of the examination expected to run into early 2015; the preferred option for Council housing to be pursued following Cabinet agreement, with stock transfer to take place in March 2015; development of Gypsy Roma Traveller sites; and the roll out of the Digital Durham Programme.

It was added that the key performance issue for the theme was the 346 potential jobs created through projects with existing businesses being below the quarterly target of 600, with the total since April being 860, below the profiled target of 1,200.

Members noted the Tracker Indicators set out within the report including: a slight increase in the employment rate, with a continued decrease in the number of Job Seekers Allowance (JSA) claimants aged 18-24; and a slight decrease in those accessing JSA for one year or more. Councillors learned that the total number of net homes completed in County Durham had fallen from the previous quarter, and the gross valued added (GVA) per capita had improved although was still significantly less than the regional and national figures. Councillors noted several key Council Plan actions that had not achieved target included: a delay in respect of the Elvet Waterside and Milburngate House development plans; the completion date for relocation of the bus station in Durham had moved back to May 2016; the construction of a rail station at Horden was now scheduled for completion by August 2017; the Houses in Multiple Occupation (HMO) Strategy was changed to September 2015 to reflect additional work required; delay to the development and implementation of a real time travel passenger information system; and the road access improvement at Front Street, Stanley were no longer going ahead after being rejected at a public enquiry.

The Chairman thanked the Performance and Planning Manager and asked Members for their questions on the report.

Several Members reiterated points that had been made at the Special Meeting of the Committee meeting held 5 December 2014 including concerns regarding JSA off-flows and increases in sanctions.

**Resolved:**

That the report be noted.

## **12 Review of the Council Plan and Service Plans**

The Chairman asked the Corporate Scrutiny and Performance Manager, Tom Gorman to speak to Members in relation to the Review of the Council Plan and Service Plans (for copy see file of minutes).

The Corporate Scrutiny and Performance Manager referred Members to the report noting the refresh of the Council Plan for 2015-18 and the associated draft objectives and outcomes. It was added that also there was a number of changes proposed to the performance indicator set for the Committee to consider. Members noted that subject to stock transfer, 3 of the indicators relating to council-owned housing would no longer be the responsibility of DCC and were proposed for deletion. It was explained that it was proposed that an indicator relating to the conversion of apprenticeships into employment was being developed and there would be some changes to indicators relating to Visit County Durham (VCD) regarding better indicators around visitor numbers and overnight stays. It was explained that the target setting process would begin at the end of the year once full-year data was available and the next steps in the corporate timetable for the production of the Council Plan were set out for Members' information.

The Chairman thanked the Corporate Scrutiny and Performance Manager and asked Members for their questions on the report.

Members noted and asked the following: that the proposed indicator relating to apprenticeship conversions into employment was welcomed; why "young" had been removed from objective W9 to read "Increased numbers of people in employment and training"; and Tracker Indicator RED PI 7a referring to JSA claimants aged 18-24, not 16-18 year olds.

The Performance and Planning Manager noted that the removal of young reflected that it was not just important to focus on young people in respect of employment and training and that RED PI 7a was for 18-24 year olds, with the information covering those Not in Employment, Education or Training (NEETs) relating to those aged 16-19.

**Resolved:**

- (i) That the updated position on the development of the Council Plan and the corporate performance indicator set be noted.



- (ii) That the proposed Corporate Performance Indicator Set for 2015/16 attached as Appendix 3 to the report be agreed.

### **13 Minutes of the County Durham Economic Partnership**

The Minutes of the meetings of the County Durham Economic Partnership held 3 November 2014 were received by the Committee for information.