

DURHAM COUNTY COUNCIL

SPECIAL 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 21 December 2015** at **10.00 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Bell, J Clare, M Davinson, T Henderson, B Kellett, H Nicholson, P Stradling, O Temple, A Willis and G Holland

Also Present:

Mr I McLaren

1 Apologies for Absence

Apologies for absence had been received from Councillors J Armstrong and A Batey.

2 Substitute Members

Councillor G Holland substituted for Councillor R Ormerod.

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 Welfare Reform - Draft County Durham Poverty Action Plan, Consultation Overview:

The Committee considered the report of the Assistant Chief Executive which provided Members with background information concerning the consultation on the draft County Durham poverty action plan, a copy of which had been circulated with the papers (for copy of report, see file of minutes).

Mr R Goodes, Head of Policy and Communications was in attendance to provide Members with an overview of the action plan as part of the consultation process (for copy of slides, see file of minutes).

The Head of Policy and Communications advised Members that the recession in 2008 lasted for six quarters in a row. In 2010 there was a change in government which resulted in the introduction of austerity measures with the biggest UK spending cuts for decades. In addition, the introduction of the Welfare Reform Act 2012 reduced welfare spending by £18bn by 2015 with the Welfare Reform and Work Bill in July 2015 reducing welfare spending by a further £12bn by 2018.

In relation to County Durham the highest rates of unemployment are in the North East but Durham was slightly better than the average, economic growth was slower than expected during and after the recession and the gross disposable household income was less than the national average.

The child poverty gap between County Durham and England continued to widen and fuel is at its highest which added to fuel poverty in particular those areas which were off gas.

Members were shown a map of deprived areas which had lost most from austerity measures with County Durham ranking 7th in the table, resulting in a loss of £188m per annum to the county equating to a loss of £560 per annum per adult.

Members were also provided with a graph which showed unemployment trends identifying that Durham's unemployment rate was lower than the North East rate but higher than the rate for Great Britain.

Members were advised that the Department of Works and Pensions introduced a new sanctions regime for Job Seekers Allowance from October 2012. The new regime had increased the rate of adverse sanctions for individuals claiming Job Seekers Allowance both nationally and within County Durham. County Durham had an overall higher percentage of claimants affected compared to England.

The total number of households claiming child tax credit and/or working tax credits fell by 18,900 between April 2011 and April 2015 reducing from more than one in four of all households in County Durham to less than one in five.

A summary was provided of the impact of welfare reform in County Durham.

The Universal Credit scheme will be gradually rolled out in County Durham from 21 September 2015 and is currently only affecting new claims from single people without children and without mortgage costs who would previously have claimed Jobseeker's allowance with 546 universal credit claims received. No details on the further roll out of Universal Credit have been received however the scheme is to be fully rolled out by 2021.

Details were provided of the Council's response to welfare reform including detail of those partnerships engaged with, the response to poverty and detail of the poverty action plan.

The poverty action plan focuses on the actions necessary to respond to the challenges facing the county's residents and is based on the following five key themes:-

- Attitudes to poverty and raising its profile
- Focus on child poverty
- Credit and debt
- Further welfare reform and benefit changes
- Work and personal wellbeing and sense of worth

The next steps were as follows:-

- Poverty Action Plan to be shared with partners and stakeholder
- Comments and feedback invited, including other initiatives that need to be captured
- Conference for partners and stakeholder to be held in early 2016
- Partners and Stakeholder to be kept up to date with progress against action plan

The Chairman thanked the officer for his very informative presentation and highlighted the need for the plan particularly with further austerity measures imposed by Government.

Councillor Davinson referred to the conference to target the use of pupil premium which had a timeframe of December 2015 and sought clarification when this would be taking place. He also suggested that they include actions within the draft poverty action plan to raise the aspirations and ambitions of young people as this appeared to be lost when children went to secondary school. He referred to the increase in family learning programmes and sought clarification regarding funding for these programmes. He continued that in relation to promoting financial awareness in young people and working with four schools per year to raise financial awareness and promote savings there is a need for this initiative to be rolled out quicker, to work closely with Credit Unions who are currently working in schools and to target secondary schools particularly prior to pupils leaving so that they are financially aware.

In response to the questions from Councillor Davinson, the Officer indicated that that the conference would be held in the spring next year and he appreciated that it was a slow process but once the benefits were seen the initiative would be rolled out quicker and where Credit Unions were already active within schools the intention would be to work with them.

Councillor Holland referred to the increasing use of sanctions imposed by employment officers and the attitude of Jobcentre Plus staff with sanctions imposed if a claimant is slightly late for an appointment. He continued that there is a need for this vital support provided by Durham County Council working with partners to continue to help local communities respond to the impact of changes in the welfare system and that he hoped budgets would remain untouched to provide the necessary support.

The Officer responded that a collective approach was adopted by Durham County Council and partners in providing support with resources and expertise used from a number of Durham County Council Service Groupings.

The Chairman responded that every part of the council was involved in addressing poverty and the key was partnership working.

Councillor Adam indicated that allowing tax avoidance needed to be addressed. The government were pushing the burden from national to local tax and Durham County Council needed to work hard to reduce the impact. He also indicated that as well as a conference with partners they should also invite representatives from the voluntary sector, charities, local employers working closely with Business Durham and trade unions. The Officers responded that they would take the comments on board and work closely with Regeneration and Economic Development regarding input from local employers via Business Durham.

Councillor Clare suggested that in relation to promoting financial awareness in young people there is a need to look at the effectiveness of measures already taking place and there is a need to target secondary schools particularly prior to pupils leaving so that they are financially aware. He referred to the welfare assistance scheme and commented that Durham County Council needs to ensure that it is spending the money allocated under the Welfare Assistance scheme. He continued that when he had contacted the department to make enquiries on behalf of his constituents he had been advised that they did not meet the criteria. Was there a need to revise the eligibility criteria of local schemes so that local people can access available funding.

The Officer responded that the money allocated to Durham County Council had not been fully spent in the first two years and that some monies had been given to Area Action Partnerships and an employment scheme. The 2015/16 budget was monitored every month and any monies which were not spent would be transferred to the welfare assistance scheme. The officer commented that he would welcome any suggestions from members aimed at increasing take up.

Councillor Kellett commented that government is continually altering indicators in particular those for child poverty which have been revised.

Councillor Davinson referred to the review of skills development which would include detail of existing employability programmes identifying those that were successful and any gaps within current support and asked if members once the report is complete receive a copy or be given a presentation on the findings.

Resolved: (i) That the report be noted.

(ii) That Members receive a further report and presentation on the progress of the County Durham Poverty Action Plan as part of the refresh of the work programme for 2016/17.

6 Regeneration Statement - Update:

The Committee considered the report of the Corporate Director, Regeneration and Economic Development which provided members with an update on the regeneration statement (for copy of report, see file of minutes).

Mr A Palmer, Head of Strategy, Programmes and Performance was in attendance to present the report and advised Members that the first County Durham Regeneration Statement was developed in 2009 and was refreshed in 2012, which was available on the Durham County Council website. The document was not an action plan but set out the overall approach to regeneration and was important for funding applications.

Members were informed that there had been significant changes over the last three years in the operating environment. Regional priorities were now set out within the North East Strategic Economic Plan. Discussions had taken place with partners, details of the comments back had been set out in the report.

An outline statement would be discussed with the County Durham Economic Partnership Board in February 2016, then scrutiny and cabinet.

Councillor Nicholson indicated that he welcomed the change in emphasis with the consideration of A19 corridor.

Councillor Davinson sought clarification as to the meeting of the whole town approach mentioned within the report. The officer responded that the whole town approach refers to the co-ordination of investment and regeneration via a series of masterplans produced for the key towns in the county.

Resolved: (i) That the progress of the Regeneration Statement be noted.

(ii) That the Economy and Enterprise Overview and Scrutiny Committee receive at a future meeting of the committee a further update on the refresh of the Regeneration Statement.

7 Members' Reference Group, Scrutiny Review: Impact of the Changes in Government Funding of the Economy of County Durham - Update on Recommendations:

The Committee considered the joint report of the Assistant Chief Executive and Corporate Director, Regeneration and Economic Development which provided members with an update on the progress made in relation to the recommendations contained within the Economy and Enterprise Overview and Scrutiny Committee Member's Reference Group report looking at the impact of public sector funding and policy changes on the economy of County Durham (for copy of report, see file of minutes).

Mr A Palmer, Head of Strategy, Programmes and Performance was in attendance to present the report.

Councillor Davinson referred to the 2015 Indices of Deprivation which revealed that 150 County Durham LSOAs are ranked in the top 20% most deprived on the Employment Domain and sought clarification of how many were ranked in the top 10%.

The Officer responded that funding was usually by the top 20 or 30%. If the employment rate was increased then he would expect those LSOA's in the top 10% of most deprived to move to the top of the 20% most deprived.

Councillor Adam sought clarification if the increase in disposable income was correct. The Officer confirmed that this was correct as there had been an increase in salaries and pay and an increase in the numbers in work particularly young people and those in part-time work.

The Chairman commented that in relation to the increase in employment and the quality of the jobs on offer there is a clear distinction between private and public sector, not comparing like with like. The public sector consists of a far greater proportion of professional jobs, higher paid wages and full time employment compared to the private sector. He continued that a number of employees leaving the public sector had become consultants working in the private sector.

The officer responded that local government had been hit the hardest by the government's austerity measures and that local government in the North had been hit harder than local government in the South and confirmed that public sector staff are starting to move to the private sector via consultancy opportunities as it is seen as the better option.

Councillor Nicholson referred to wages still being 7% lower and how the public sector was under pressure in retaining staff.

Councillor Adam referred to paragraph 14 on page 28 and commented that whilst he welcomed highly skilled jobs within the county there is also a need for low skilled jobs, to ensure there is a mix of job opportunities available and asked whether the authority was doing any work on this.

The officer responded that the authority was working with partners in the County to identify opportunities for both low and highly skilled jobs.

Resolved: (i) That the progress made in relation to the recommendations contained in the Members' Reference Group Scrutiny review report be noted.

(ii) That a further report detailing progress made against the recommendations contained in the Members' Reference Group scrutiny review report be submitted to a future meeting.

8 Business Durham - Update:

The Committee considered the report of the Corporate Director, Regeneration and Economic Development which provided members with an update of the work and impact of Business Durham since its previous report in October 2014 (for copy of report, see file of minutes).

Dr S Goon, Managing Director, Business Durham was in attendance to present the report which provided detail of: background to Business Durham; relevant performance data; enterprise, engagement and outreach activity; business engagement; inward investment, innovation; business property and communications.

The Chairman thanked Dr Goon for his report which provided a lot of detailed information for members and suggested that in relation to promoting/marketing the county could they use the marketing approach adopted by Visit County Durham.

The Officer responded that Business Durham does work closely with Visit County Durham and informed members that a recently produced video promoting the County as the City of Light highlights the range of business within County however Visit County Durham and Business Durham target different audiences and therefore cannot always align approaches.

Councillor Temple sought clarification on the number of jobs which were stated on pages 47 and 57 of the report which were different.

The Officer responded that one set of figures were the jobs created and the other figures were the jobs that they hoped to create over a three year period.

Councillor Adam referred to Inward Investment on page 46 of the report and that they had received more enquiries from Europe than the Asian market.

The Officer responded that they had received a lot of interest from Europe due to access and that there can be visa issues with countries outside of Europe.

Councillor Davinson sought clarification as to whether Business Durham intended to deliver more enterprise talks to students. The Officer responded that they were in contact with all schools some engaged with Business Durham but some did not see it as a priority.

Councillor Davinson then referred to Appendix 7 of the report and sought clarification as to why occupancy rates in the West of the county was not doing as well as other areas. The Officer responded that whilst occupancy of St. Stephen's Court and the Dales Centre was down in other units in the west occupancy was up. In relation to St. Stephen's Court this was the result of a bad debtor, however hoping that the situation may change in the next financial year. Concerning the Dales Centre the rents had been reviewed which had resulted in one retailer leaving. However the retail units have now been relet. The enterprise centre remains under occupied after it was vacated by two companies for growth reasons and the police who moved to a better location. Business Durham are currently working through some leads but it was currently a tough market. The market for office accommodation is tougher than industrial units, principally because people who need offices have more option to work from home.

Councillor Clare thanked the officer for a detailed positive report and indicated that they were a body with limited income but were making significant achievements. He referred to inward investments and asked if a firm wanted to move into premises quickly but there were no premises available however land was available could the council reduce any of the potential barriers including planning barriers.

The Officer responded that there is a shortage of large square footage factory facilities (20,000 to 40,000 sq foot) and currently there are several enquiries for this size. There is currently a lot of office space in the East and the North of the county. It was confirmed that planners were excellent and were proactive in engaging with companies and the only thing that could be done to improve things is a change in legislation. The cost of building units is expensive for and uneconomic given the level of rental income that would be received.

Councillor Nicholson sought clarification if all land at NETpark, Sedgefield had been used and he welcomed the approach around Health with Business Durham talking to all Trusts to develop Durham's healthcare offer, as part of the strategy to encourage businesses to locate here, grow here and diversify here and asked how this would progress.

The Officer responded that not all the land at NETpark had been used and that a further 340 hectares of land was available in the next phase, and after this an additional 40 hectares. In relation to Durham's healthcare offer it was confirmed that the overarching theme for Durham's healthcare offer is to create Durham as a living lab for innovation in tackling the health causes and consequences of social isolation, essentially stopping people becoming patients. Business Durham is currently in the scoping stage of the project building up links with the various partners and will be looking at health from a commercial perspective. It is intended that a pilot would be run in Durham however it was taking time to establish links with Hospitals to get them to share their data.

Resolved: (i) That the contents of the report be noted.

(ii) That a further update on the work of Business Durham be included in the refresh of the committee's work programme for 2016/17.