

## **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 **Tuesday 29 March 2016** at **9.30 am**

**Present:**

**Councillor A Batey (Vice-Chairman in the Chair)**

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

Councillors E Adam, J Armstrong, A Batey, J Clare, D Hall, T Henderson, B Kellett, H Nicholson, P Stradling, O Temple and A Willis

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

Apologies for absence were received from Councillors J Bell, R Crute, M Davinson, C Kay, J Maitland, A Patterson, S Zair and Mr I McLaren.

#### **2 Substitute Members**

No notification of Substitute Members had been received.

#### **3 Minutes**

The Minutes of the meeting held 23 February 2016 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: a national award from the Cabinet Officer for a Durham County Council (DCC) initiative, the Social Value Leadership Award; a further contract secured by Filtronic based at Sedgefield; a record number of manufacturers on the apprentice trail; and over 3,000 jobs for Newton Aycliffe with the second phase of development.

Councillor J Clare noted that the 3,000 jobs were not new, though the new substantial infrastructure that would be put in place was welcomed and would be the beginning of a long process.

### **Resolved:**

That the presentation be noted.

## **7 EU Funding - Update**

The Chairman introduced the Funding and Programmes Team Leader, Regeneration and Economic Development, Catherine Pearson who was in attendance to give an update as regards the EU Funding (for copy see file of minutes).

The Funding and Programmes Team Leader thanked the Committee for the opportunity to provide an update in respect of EU Funding and reminded Members that the last update had been provided in September 2015 and since then the EU Programme had been signed off and agreed by the Commission. It was added that due to fluctuations in the exchange rate of Sterling and the Euro, there had been a need to look to review this twice yearly and this in turn meant that local indicative allocations were also subject to change. Members noted that this, in addition to some Government changes to local allocation, meant a refresh of the ESIF Strategies was required, and the ESIF Strategy for the North East Local Enterprise Partnership (NELEP) area was submitted to Government on 5 February 2016. The Committee noted the report referred to allocations in terms of support for those young people Not in Education, Employment or Training (NEETs) had been negotiated to £5.2 million, up from £880,000, to include preventative activities in order to help prevent people becoming NEET. It was noted changes had meant the removal of funding for Sustainable Transport, with only Cornwall and the Isle of Scilly remaining eligible in this regard.

The Funding and Programmes Team Leader explained that Open Calls included: European Regional Development Fund (ERDF) for innovation and business support and low carbon and European Social Fund (ESF) for the Youth Employment Initiative (YEI) and employability support. It was noted that Durham was hosting an event in respect of Low Carbon, with the Department of Communities and Local Government and the Department for Energy and Climate Change, in order to scope out what activities could be funded under this priority. Members were reminded of the YEI allocation, the DurhamWorks branding and noted Service Level Agreements (SLAs) were being drawn up for delivery partners to be in place early April 2016.

The Committee learned that Community Led Local Development (CLLD) would be a tool, similar to LEADER to provide small community led interventions. It was added that two bids had been submitted in terms of preparatory funding for North Durham and South Durham, in order to assist them in the preparation of Local Development Strategies for each area.

In terms of full applications, Members noted responses to open calls in respect of NETPark Explorer, Durham Business Opportunities Programme and the Business Energy Efficiency Programme, with Business Support, and upon further information, the latter two were submitted and would be managed via the Sustainability and Climate Change Team and Business Durham. It was added that in respect of a submission by Durham University in terms of a project to develop a Water Science Hub, further to the information set out in the report, a submission was made in time. Members were made aware of some Skills Funding Agency (SFA) invitations to tender in terms of NEETs and Community Grant and also were reminded of the LEADER programme, with two areas in County Durham, North Pennines Dales and Durham Coast and Lowlands. It was noted that for both areas, Local Action Groups had been established bringing together individuals from local public, private and community sectors to be responsible for decision making, establishing direction, strategy and priorities of individual programme. Members noted that Twitter and Facebook accounts were in development in respect of promoting these, with the DCC website and Partnership website being used in addition, with bespoke sites for each to be developed and it was added that press releases had received good local coverage.

The Funding and Programmes Team Leader concluded by noting the flowchart at Appendix 3 of the report in terms of the project application process and lessons learned from the ERDF calls would be being adjusted to streamline the process.

The Chairman thanked the Funding and Programmes Team Leader and asked Members for their questions on the update report.

Councillor J Armstrong asked a question on behalf of Councillor M Davinson who was not in attendance at the meeting, the question was regards: Community Led Local Development; the opportunities for Members to be involved; how the CLLD was publicised; was it effectively two LEADER programmes, with a focus on rural issues; and were AAPs involved, noting that Stanley AAP had a Task Group that may be suitable to provide input. The Funding and Programmes Team Leader, Catherine Pearson noted that Members could be involved in the CLLD process, with AAPs being the conduit used. Members noted that the Principal AAP Coordinators Andrew Megginson and Lee Copeland were leading on the issue. It was added that the key publicity would be via the consultation process which would be via external consultants appointed and AAPs, with the message as regards the CLLDs and the involvement and support in setting up Local Action Groups (LAGs) to be highlighted. Members noted that the first steps were in terms of preparatory work on Local Development Strategies and that the process was a competitive one, with submissions to be made to Government and if successful, activity would be likely begin Spring 2017. The Funding and Programmes Team Leader added that LEADER was mentioned within the report alongside CLLD as the CLLD approach was based upon the LEADER model, adding that LEADER covered rural areas and CLLD the majority of the other areas, albeit with some small gaps.

Councillor O Temple added that it may be useful for Members to have information in terms of the top 20% deprived Wards as mentioned in the report and that the relevant Members were notified in terms of work and bids in their areas. Councillor H Nicholson noted reference within the report to “DurhamWorks New Employment Zone” and asked what this meant, and asked whether funds were ringfenced to particular areas.

The Funding and Programmes Team Leader noted that it was for the whole of the County and that there would be focus on NEET hotspots and to help vulnerable groups. It was added that in relation to the point raised by Councillor O Temple, at the consultation stage all Members would be contacted.

Councillor J Clare noted that he assumed his Division, Aycliffe North and Midcliffe fell outside of the South Durham CLLD area however it is hoped that the division will fall under the LEADER programme. The LEADER Programme has a focus on rural and farming issues which may result in his area falling into a gap in provision”. The Funding and Programmes Team Leader noted Newton Aycliffe was a rural hub town and that while LEADER did include farming, cultural heritage and rural issues there was more potential in terms of flexibility under LEADER than CLLD in terms of being able to provide support to any micro-business as CLLD would focus on business support, business space via ERDF and social inclusion via ESF. It was highlighted that areas are not ruled out from funding via the main programme if they also qualify for funding under LEADER/CLLD.

Councillor D Hall asked as regards more information in respect of small grants under the Community Grant, as set out in the report. The Funding and Programmes Team Leader noted that they were grants to the voluntary and community sector (VCS) that did not require match funding for the purpose of mobilising disadvantaged or excluded unemployed and inactive people into positive activity, moving them closer to entering the labour market. A body would be appointed to oversee the distribution of these grants, with the tender currently out for this and the SFA to evaluate and feedback by Summer 2016.

**Resolved:**

- (i) That the report and views on the direction of travel of the emerging programme be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive further reports as the programme progresses.

## **8 Quarter 3, 2015/16 Revenue and Capital Outturn**

The Chairman introduced the Principal Accountant, Resources, Stephen Barber to speak to Members in relation to the Quarter 3 Revenue and Capital Outturn 2015/16 (for copy see file of minutes).

The Principal Accountant 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 £1.521 million at Quarter 3 2015/16, against a revised General Fund Revenue Budget of £26.770 million.

Members noted the major variances fell within Housing Solutions and Development Management, with the detailed explanations as set out within the report including additional planning fee income. 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.

Members were reminded that the Housing Revenue Account (HRA) was no longer required as the housing stock had been transferred to the new County Durham Housing Group and would be closed after some residual transactions reflecting the short period of activity in 2015/16.

As regards the Capital Programme, the Principal Accountant explained that the RED programme was significant and represented 138 schemes managed by 25 Project Delivery Officers. It was noted that subsequent to revisions to take into account grant additions/reductions and re-profiling meant that the budget now stood at £33.034 million, with a breakdown of the major capital projects given at Appendix 2 to the report. Members were reminded that many capital programmes profiles were such that they completed in the final quarter and it was anticipated that the projected outturn at 31 March 2016 would be in line with the revised budget.

The Chairman thanked the Principal Accountant and asked Members for their questions on the finance report.

Councillor O Temple made reference to £742,000 use of corporate reserve – office accommodation and asked whether this was work in respect of a “new County Hall” and could he have more detail. The Principal Accountant noted he would check and confirm and the Performance and Planning Manager, Regeneration and Economic Development, Graham Tebbutt added that he thought it was spend in connection with staffing for RED. The Principal Accountant agreed that he would check and get more detail and then respond to the Member appropriately.

Councillor J Armstrong added that a small, cross-party working group had been established in connection with future office accommodation and had visited new Council offices at North Tyneside and Redcar and would be looking at the requirements for the Authority moving forward.

**Resolved:**

That the report be noted.

**9 Quarter 3, 2015/16 Performance Management Report**

The Chairman thanked the Performance and Planning Manager who was in attendance to speak to Members in relation to the Quarter 3, 2015/16 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 3, representing September to December 2015, included a significant improvement in planning applications determined within deadline; the number of empty properties being brought back into use exceeding target; and that the occupancy of Business Durham premises had continued to rise and was at 85% against a target of 79%.

Members noted information relating to Tracker Indicators including: a significant increase in the number of net homes completed, 465 in comparison to 302 in Quarter 2; the number of affordable homes completed in Quarter 3 was 71, below the target of 80, however the total completions in 2015/16 were 257, ahead of the annual target of 250; the number of passenger journeys on the Park and Ride had increased by 14% in comparison to the same period last year, with the Lumiere festival contributing to this; and the number of visitors to core visitor attractions in County Durham, such as Beamish Museum, had increased by 12.2% in comparison to the previous year noting the impact of the Magna Carta and Yves Saint Laurent exhibitions.

Members noted progress with Council Plan actions, such as the regeneration work as regards Aykley Heads and North Road and the new "Chapter Homes" housing development.

It was added that the key performance issue for the theme were: the apprenticeship starts through DCC schemes being likely to not achieve its target of 200, though it was noted that it was expected that the number of starts would increase once funding was in place; 211 jobs were created through work with existing businesses, below a target of 600 with Members noting the target would be revised having been ambitious; and 120 private sector properties being brought back into use through Local Authority intervention, below a quarterly target of 149 and while the annual target of 599 was now likely not be achieved, it would be near to target.

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. It was added that the employment rate had declined, was worse than the corresponding period the previous year, and was worse than the regional and national rates, which had increased this quarter. Councillors learned that there was a slight improvement in the number of working age people who were out of work that wanted a job; however, this was worse than the North East and national averages. Members noted that homelessness figures remained stable and the gross value added (GVA) per capita 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 a Heritage Lottery Fund (HLF) bid in connection with the historic quay at Seaham, from January 2016 to April 2016; ongoing work with the landowner of Festival Walk at Speenymoor; restoration of the former Boys Grammar School at Bishop Auckland being put back from May 2018 to December 2019 after an unsuccessful HLF bid; a delay in the feasibility study in connection with Bishop Auckland Town Hall and links to Auckland Castle from November 2015 to March 2016; and a revised date in terms of a £12 million EU funded programme to deliver access to finance support targeted at County Durham businesses, from March 2016 to March 2017.

It was added that a service plan action to carry out road re-alignment works at Villa Real, Consett were delayed from July 2016 to January 2017 as a consequence of further planned ground investigations.

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

Councillor D Hall asked in relation to the number of empty homes, were they tracked in the longer term. The Performance and Planning Manager noted that the Strategic Housing Market Assessment looked at all of the County with an average of approximately 4% of the stock being empty and that looking at the Council Tax database then those registered as empty could be targeted to be brought back in to use. Councillor D Hall added that a rolling figure would help to see if the issue was being addressed, and noted that a national figure from the Local Government Association (LGA) showed that there was planning permission granted for approximately 500,000 homes with development having not yet been undertaken. The Performance and Planning Manager noted that he believed the figure was around 15,500 for County Durham, however, would check and get back to Members with the information.

Councillor D Hall noted information in relation to s106 monies in lieu of the provision of affordable homes and asked how much had been allocated, how much had been collected and how much had been spent. The Performance and Planning Manager noted he did not have the information to hand, however, it was tracked and he would look to provide the information to Members. Councillor H Nicholson noted the s106 agreements were legal agreements and it would not be possible for developers to get away with paying, however, it was when such funds would come forward. Councillor D Hall noted it would be useful information for Members as the use of s106 monies and the issue of empty properties were linked.

Councillor E Adam noted Table 2 on page 43 of the report referred to visitors in 2014 and asked if this was a result of data lag. The Performance and Planning Manager noted it was a typographical error and should have referred to the period January to December 2015. Councillor E Adam noted the work that had been undertaken in respect of the visitor economy in County Durham and asked why there was a decrease in the number of jobs in the visitor economy and also why the number of businesses engaged with by Visit County Durham (VCD) had decreased. The Performance and Planning Manager noted that there had been a national downturn in terms of the visitor economy and that information as regards engagement would be sought from the Chief Executive of VCD.

Councillor J Clare noted that number of potential developments with planning permission that were not being actively developed was a national scandal and also noted the VCD performance, in the context of reduced funding and the disappointing figures in relation to GVA, employment rate and the visitor economy. Councillor J Clare noted that the employment rate was worse than regional and national averages, however, the employment figures were consistently higher than the rest of the North East and asked why this was the case. The Performance and Planning Manager noted he would look into this issue and get back to Members, adding that in some cases older people would have left the labour market for example.

Councillor H Nicholson asked whether there was an effect in terms of the move to Universal Credit (UC) and the Performance and Planning Manager noted that eventually UC would replace the other benefits and new definitions would be used and reported upon accordingly.

Councillor D Hall noted the figures in relation to apprentices and creating jobs within existing businesses and asked whether targets had been ambitious. The Performance and Planning Manager noted they had been, however in terms of apprenticeships, subsequent to losing Government funding, the Council was looking to use its funds, together with EU funding, to tackle this and it was hoped that a direct improvement would be seen. The Performance and Planning Manager added that Business Durham had wanted an ambitious target in terms of jobs created within existing businesses, though they would now look at reviewing the target with Business Durham now taking a more proactive approach to inward investment.

Councillor D Hall asked if the responsibility for beaches fell under RED or Neighbourhood Services, the Performance and Planning Manager noted he would find further information in this regard.

**Resolved:**

That the report be noted.

## **10 Refresh of the Work Programme**

The Chairman asked the Overview and Scrutiny Officer to speak to Members in relation to the Council Plan 2016-2019 - Refresh of the Work Programme for the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The Overview and Scrutiny Officer explained that the report was the first opportunity for Members to comment in the usual annual process of setting the work programme for the Committee, in the context of the "Altogether Wealthier" priority theme as set out in the Council Plan 2016-2019.

Members were reminded that the next meeting of the Committee would consider a draft work programme based upon the comments from Members brought forward at the meeting today. Councillors noted the "Altogether Wealthier" section of the Council Plan was attached at Appendix 2 to the report in the agenda pack.

The Committee noted that the work undertaken by the Committee over the last year was set out within the report at paragraph 10 and it was for Members to suggest topics for further investigation, taking on board issues raised from performance reporting, upcoming legislation and issues discussed at the Committee.

The Vice-Chairman thanked the Overview and Scrutiny Officer and noted that any comments or suggestions for potential topics for future reviews could be forwarded to the Overview and Scrutiny Officer for inclusion in the report to be considered at the June meeting.



The Overview and Scrutiny Officer noted that Councillor D Hall highlighted the issue of supporting the coastal economy. Councillors J Armstrong and P Stradling noted that with elections in 2017, and the need to take this into account when looking at areas for review. The Vice-Chairman noted there was a lot of review work as set out in the report. Councillor J Clare noted that he felt that support for small retail as a review topic may be appropriate as small retailers were a big issue for the County Durham economy. Councillor J Armstrong noted the previous comments in relation to coastal issues and suggested depending upon the scope this could be an issue for the Environment and Sustainable Communities Overview and Scrutiny Committee.

Councillor D Hall noted it was tricky to see where the different coastal issues would sit in terms of which Committee, however, he felt that there was potential for these issues to be developed, building upon the successes at Seaham and highlighting the investment of other Local Authorities along the North East coastline. The Vice-Chairman noted that this would be an issue for Members to track, noting EU Funding in this regard. Councillor D Hall noted the small amount of LEADER funding, however, thought more in terms of a "masterplan" for our coastal areas, building upon the successes at Seaham to encourage more visitors and to create more jobs. Councillors J Armstrong and P Stradling noted that there were Officers within RED, including the Durham Heritage Coast Officer, N Benson who could be contacted in this regard.

**Resolved:**

- (i) That the information set out in the Council Plan 2016-2019 Altogether Wealthier theme set out at Appendix 2 be noted.
- (ii) That the Committee refresh the Work Programme considering the actions identified under the Altogether Wealthier theme and reflected in paragraphs 10, 11 and 12 of the report.
- (iii) That the Committee consider a further report detailing the Work Programme 2016-2017 at its meeting 28 June 2016.