



Economy & Enterprise

Overview and Scrutiny Committee

Members' Reference Group

Impact of public sector funding and policy changes on the economy of County Durham

May 2014

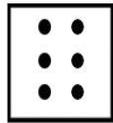
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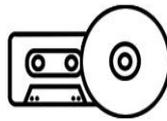
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Chairman's Foreword



It is evident that within these challenging economic times local authorities within the North East have witnessed greater impacts from the significant changes in Government policy and funding whether these changes are through Council Tax, Business Rates or through the removal of Area Based Grants that were originally established to stimulate economic growth and tackle deprivation.

However through the discussions within the Reference Group it is apparent that Durham County Council and partners are working together, tackling these challenges and trying to mitigate the impact using various

approaches to deliver activities to stimulate and support economic growth within the local economy.

It has also been highlighted by the Reference Group the need for Durham County Council and partners to continue to maximise the funding opportunities which are available within County Durham via the Regional Growth Fund, Growing Places, Single Local Growth Fund and the next EU funding programme for 2014 – 2020.

During the review process the Reference Group has received detailed information from the Regeneration and Economic Development Service Grouping, Business Durham, Federation of Small Businesses, Jobcentre Plus, Area Action Partnerships and Bishop Auckland College. In addition, a visit was undertaken to Bishop Auckland College providing an opportunity for members to see the work being undertaken by the College with local employers to ensure that their training needs are met.

The report concludes with a number of recommendations for consideration by the Council's Cabinet (See page 25 of the report).

I would like to take this opportunity to thank members of the Committee and representatives from Durham County Council and partner organisations for their valuable time in giving evidence and supporting the work of the Members' Reference Group.

Councillor Rob Crute

Chair Economy and Enterprise Overview and Scrutiny Committee

Background

- 1 At its meeting held on the 6th July, 2012 the Economy and Enterprise Overview and Scrutiny committee identified as part of the refresh of the work programme the need for the Committee to examine the impact of changes in Government funding policy on the economy of County Durham. Following a detailed discussion it was agreed by members of the Committee that this would be added to the 2012-2014 work programme.
- 2 The Regeneration and Economic Development (RED) service grouping agreed to jointly producing a piece of work to examine the changing policy and funding environment in which the service area works. It was therefore determined that a Members' Reference Group would be established from the membership of the Economy and Enterprise Overview and Scrutiny Committee to work with officers from the Strategy, Programmes and Performance Team from within the RED Service Grouping to examine Central Government funding and policy changes on the economy of County Durham.
- 3 The terms of reference and a project plan were drawn up, with a clear focus on:
 - a) Scale – How much is affected? – consider changes in Government funding and policy, compare to remaining resources and current intervention priorities and identify the scale of gaps in resources;
 - b) Theme – What is affected? – Identification of priority themes or policy areas for example employment, worklessness, business support and skills. Each of the priority themes or policy areas will be considered separately in order to assess reductions in funding, changes in Government funding and policy, differences within the County and how individuals are affected;
 - c) Geography – Where is affected? - Assess the impact of funding reductions and changes in Government funding and policy, analyse and map local statistics to highlight need.
 - d) Individual/Community/Business – Who is affected? - Looking at examples of how funding and policy changes have impacted upon families, communities, businesses.
 - e) Interventions and support – Look at the work that is currently progressing within the Council and with partners to tackle economic issues, for example the work undertaken by Jobcentre Plus, colleges, Area Action Partnerships (AAPs) and Business Durham.
 - f) Opportunities – Identify opportunities which may be available to assist in mitigating any negative impact of reductions in funding and changes in Government funding and policy.
- 4 A Members Reference Group was set up consisting of 8 members and one co-optee (a representative from Jobcentre Plus). The membership of the

Reference Group represented a geographical spread from across the County and included minority party representatives. The Group comprised of the following membership:

- Councillor J Armstrong – Chairman of the Overview and Scrutiny Management Board – Central Durham.
- Councillor P Stradling – Vice-chair of the Overview and Scrutiny Management Board – East Durham.
- Councillor R Crute – Chair of the Economy and Enterprise Overview and Scrutiny Committee – East Durham.
- Councillor A Batey – Vice-Chair of the Economy and Enterprise Overview and Scrutiny Committee – North Durham.
- Councillor J. Clare – Member of the Economy and Enterprise Overview and Scrutiny Committee – South Durham.
- Councillor J. Rowlandson – Member of the Economy and Enterprise Overview and Scrutiny Committee – West Durham (Conservative representative).
- Councillor O. Temple – Member of the Economy and Enterprise Overview and Scrutiny Committee – North Durham (Liberal Democrat representative).
- Councillor A Willis – Member of the Economy and Enterprise Overview and Scrutiny Committee – North Durham (Durham Independent Group representative).
- Mr. P. Robson – Jobseeker Opportunities Manager (Durham North) – Jobcentre Plus.

- 5 The Members Reference Group met on seven occasions between June 2013 and January 2014, which included a visit to Bishop Auckland College to see 'first hand' the work undertaken by partners to support local businesses and increase employment opportunities locally.

Executive Summary

- 6 This report presents the key issues, findings and recommendations of the Members' Reference Group that has reviewed the impact of public sector funding and policy changes on the economy of County Durham. It is evident that within these challenging economic times, with depressed private investment and markets, austerity measures and a stretched public sector, local authorities like Durham County Council have witnessed greater impacts from the significant changes in policy and funding. Whether these changes are through Council Tax, Business Rates or through removal of Area Based Grants that were originally established to stimulate economic growth and tackle deprivation within some of our most deprived neighbourhoods.
- 7 Alongside this, governance arrangements across the north east region have changed with the introduction of Local Enterprise Partnerships. Although not established to replace the former Regional Development Agencies like One North East, LEPs simply do not have access to the same scale of funding to drive forward regional economic growth. One North East by example had an annual budget of £250 million. These changes in policy and funding have been compounded by the global economic recession which has undoubtedly had implications for communities and businesses within the county, with

reduced access to finance, lower numbers in employment, young people struggling to find work in a more competitive jobs market and reduced household incomes.

8 Through Reference Group discussions it is apparent that we are tackling these challenges and trying to mitigate the impacts with the council and partners taking varying approaches to continuing to deliver activities to stimulate and support economic growth within the local economy. Whilst proportionate to the funding available these approaches are looking at both the supply and demand elements of the labour market. Some of the main issues raised within the report include:

- Reduced public sector finances. £11.5 billion of departmental savings have been announced for 2015/2016, with the local government budget being cut by as much as 25.6% or £6.68 billion by 2015. Changes in the approach to Government funding and policy has impacted upon the public sector and due to the nature of the funding more deprived areas have been proportionally hit hardest resulting in larger reductions in the North than in the South. This has been accompanied by a reduction in additional funding streams and removal of Area Based Grant that focused on local needs with a growing emphasis on opportunity and the demand side of the market.
- Nationally between 2008 and 2013 the UK witnessed an unmatched depression with the economy only 0.5% larger at the end of 2012 than it had been in the third quarter of 2010. GDP per capita fell in total by 1% over this period, witnessing a slower economic recovery in the north east. County Durham has increased numbers of people not in employment, although nationally there has been a slight growth in private sector jobs that has outstripped the loss of public sector jobs, these jobs are not 'like for like' in terms of economic value which explains why equivalent growth in GDP has not been evident.
- It is difficult to ascertain the full and lasting impacts of funding and policy changes as it is too early to know the full extent and in addition, there is often a lag in the statistical information that can be gathered (and limitations in statistical reliability at certain geographical levels). However, as an area already more reliant on Government funding, inevitably as this has changed it is not surprising that the North East and areas like County Durham have felt the impact. Therefore our most vulnerable areas and people are more likely to witness a greater impact as a result of changes. In terms of geography our more deprived communities within the East and South of the County have witnessed a greater degree of impact along with young people, those reliant on benefits and those on low incomes within county.
- There are some existing funding opportunities available to help support economic growth, these include Regional Growth Fund, Growing Places and Single Local Growth Fund. The next EU Funding Programme for 2014 – 2020 which has resulted in an allocation of funding to the North East Local Enterprise Partnership (NELEP) of €539.6m with Durham receiving an allocation of €157m as a Transition Region, will undoubtedly

help to support job growth, but the European Social Fund element of the programme will help support need with key EU objectives targeted towards social inclusion, employability and skills.

- In relation to economic growth within County Durham there has been considerable success in attracting new companies despite the economic climate with companies such as Hitachi Rail Europe, Mazars and Rebels of Sweden establishing operations within County Durham.

9 The Members' Reference Group considered different priority policy areas at a high level such as employability, business support and skills development to help understand the nature of the impacts and implications of the changes within funding and policy. Several partners including, Jobcentre Plus, Business Durham, Federation of Small Businesses and Bishop Auckland College provided a perspective on the challenges they face and their respective priorities for future years. Some of the main findings and conclusions were:

- The policy environment has changed significantly in relation to employment support to mandatory schemes with sanctions, predominantly national schemes and employer focused with little flexibility and limited funding to address specific need local needs. Jobcentre Plus provide a range of schemes under the 'Get Britain Working' measures focused on getting people back into employment together with schemes/initiatives designed to help those interested in self-employment. Members highlighted the need to more effectively match employers skills needs and the need to ensure that those jobseekers sent to employers for work experience/work placement are job ready and 'best fit' the needs of the employer whilst also ensuring there is adequate support for those businesses providing placements.
- The Area Action Partnerships (AAPs) have a number of successful projects within County Durham Focusing on helping people back into employment, either through mentoring and developing skills to make people more job ready or through involvement in initiatives such as the County Durham Apprenticeship Programme.
- The business support network is complex, difficult to navigate particularly for small, micro businesses and sole traders, leads to duplication of provision and lacks flexibility in how support is delivered. The majority of business support is currently focused on larger companies despite the majority of business in the North East consisting of small, micro businesses and sole traders (North East has a total of 135,000 businesses, 134,000 small and micro businesses and sole traders, with Durham having 14,785 businesses employing 158,975). There is a need to develop the business support available locally to ensure it is flexible in delivery in terms of timings and availability and provides the range of support required.
- Business Durham offers a range of business support to large and small businesses within County Durham and actively encourages the growth of an entrepreneurial culture through various initiatives undertaken with

schools, colleges and Durham University. Although working with businesses to stimulate new markets and develop procurement possibilities additional opportunities may be presented through the Social Value Act, 2012.

- Bishop Auckland College provided a case study example of how a partner is pro-active in how it engages with local employers to identify their training needs and develop training provision to suit their needs with a view to ensuring that young people in local communities within County Durham are best placed for future job opportunities. It is important that we encourage demand led skills programmes to maintain linkages between supply and demand within the labour market.

10 The Reference Group has concluded that the Council must continue to consider the implications of policy and funding changes upon our local economy and make the most of opportunities available to assist in mitigating the negative impacts and those opportunities that stimulate economic growth. The council, with its partners has an important part in supporting economic growth and addressing the needs of its residents, communities and businesses. A continued considered, reflective and partnership approach to service delivery needs to be supported to deliver prioritised interventions and support the rebalancing of the economy. The Reference Group has identified six specific recommendations that will be overseen by the Economy and Enterprise Overview and Scrutiny Committee. These indicate that the council and specifically the Regeneration and Economic Development Service Grouping will continue to be mindful of the implications of funding and policy changes whilst supporting services as appropriate within these challenging economic times. More widely this will include informing the North East Local Enterprise Partnership approaches to stimulate job creation and economic growth through its emerging Strategic Economic Plan and the 2014-20 European Structural and Investment Strategy.

Evidence: Statistics Overview

- 11 In considering the economic context the Reference Group was provided with a variety of contextual and summary statistics information. Some of the key issues and facts are summarised below:
- County Durham is home to 513,200 people and has an increasingly ageing population;
 - The County has a £6.5 billion economy, with a GVA index (60.7) almost 40 index points below the UK average;
 - The County is a large and diverse area (862 square miles) with almost half of the population living in relatively deprived areas for example both Sedgfield (51.9%) and East Durham (72.4%) have more than half of their population living in deprived communities;
 - Unemployment remains higher in County Durham than in the North East and in Great Britain with 65.7% of the working age population in work compared to a North East rate of 67.8%;

- As of May 2013 JSA Claimant Count (16 – 64) was 15,179 (4.6%) in County Durham compared to 90,679 (5.5%) in North East and 1,474,400 (3.7%) Great Britain. Although the numbers of 18 – 24 year olds claiming JSA had started to fall recently, the level was around 60% higher than five years ago. The numbers of claimants in the 25 – 49 and 50 age groups has increased by 140% and 150% respectively. A persistent problem in all age groups, particularly those under 50 years old, is the growing number of people claiming benefits for over 12 months;
- County Durham has an estimated 14,785 VAT/PAYE registered businesses, employing 158,975 people within the county.
- Since 2007 there has been a trend of declining employment in the County from the pre-recession peak of 72.1%, at September 2013 the rate stood at 65.7%. Nationally, from the end of 2010, private sector employment had risen while public sector employment had fallen in each successive quarter when compared to the same period a year earlier. In total 1.25 million private sector jobs had been added by May 2010.
- By the end of 2012, 5.72 million people were employed in the Public sector, 640,000 lower than the peak rates of public sector employment in 2009. It is expected that job losses will continue to accelerate up to and beyond 2015 with a further 340,000 posts estimated to be shed from the public sector before the next election.
- Although the growth in private sector jobs has outstripped the loss of public sector jobs, these jobs are not 'like for like' in terms of economic value which explains why equivalent growth in GDP has not been witnessed. This has been further exacerbated by structural shift in the labour market towards a shorter working hours culture, much of the growth in jobs can be attributed to a rise in part-time, temporary and self-employed work which is traditionally low paid. Furthermore, the losses and gains have been uneven across the UK, with the South East recording strong growth and the North East significantly lagging.
- Between 2008 and 2013 the UK witnessed an unmatched depression with the economy only 0.5% larger at the end of 2012 than it had been in the third quarter of 2010, GDP per capita fell in total by 1% over this period. Estimates show that the UK economy is unlikely to reach its pre-recession peak until 2018. Furthermore, despite the labour market proving to be fairly resilient throughout this period, it was estimated that the UK needed to add an additional 930,000 jobs onto the 2008 peak employment rate, due to a growth in the adult population of 1.7million.

12 In relation to changes in wider public sector finance, funding for regeneration and economic development activity and governance arrangements the Reference Group was asked to note the following as implemented by Central Government:

- Public sector finance reductions – Impact of the Comprehensive Spending Review and continued savings required within the Medium Term Financial Plan;

- Introduction of Business Rate Retention scheme April 2013;
- Welfare Reform Act 2012 – Introduction of Benefits Cap, Universal Credit and Personal Independence Payment replacing Disability Living Allowance. Further reforms to Employment and Support Allowance and Housing Benefit;
- Loss of various funds for economic development and regeneration activity including the area based grants: Working Neighbourhood Fund (WNF), Future Jobs Fund (FJF), Local Enterprise Growth Initiative (LEGI) and Single Programme funding;
- Introduction of Growing Places, Regional Growth Fund and Single Local Growth Fund to support private sector investment to create economic growth and sustainable employment;
- Continuation of Business Rate Relief and introduction of Tax increment financing;
- Abolition of the Regional Development Agencies and creation of Local Enterprise Partnerships

Scale of funding and policy changes

Key Findings

- 13 **The information provided detailed the extent of Government funding changes and highlighted the implications of a change in approach at Central Government level which has acted to reduce the focus on local needs and placed an emphasis on opportunity and growth.**
- 14 **The impact of the funding changes together with the change in approach in Government policy has had a significant impact on local government and a more pronounced effect in the North than in the South (Institute of Public Policy Research North an analysis of the 2013 June CSR).**
- 15 **The loss of Area Based Grants such as WNF and LEGI which were used to support employability and business growth in areas of need has had a pronounced negative impact on disadvantaged areas within County Durham widened the gap with the south and reduced the flexibility of funding to tackle localised priorities.**
- 16 **Funding opportunities do exist, in the next round of the EU funding programme 2014-2020 the North East Local Enterprise Partnership has an allocation of €539.6m while Durham as a Transition Region has an allocation of €157m which must be spent in the area.**

Discussion

- 17 The reference group was informed that the 2013 Comprehensive Spending Review (CSR) saw the majority of Government departments receive average cuts of between 8% and 10% with £11.5 billion of departmental savings

announced for 2015/2016. In total, however, the local government budget will be cut by as much as 25.6% or £6.68 billion by 2015. The savings required to meet this reduction in the local government spending packet are notably front loaded, additionally, the reduction has not fallen evenly across the sector. Due to the nature of local government funding, the most deprived areas have been proportionally hit hardest, resulting in larger reductions in the North than in the South.

- 18 For Durham County Council this has resulted in a need to deliver savings of £113m which are to be achieved by the end of 2013/14 and a forecast additional saving of circa £100m for 2014/15 – 2016/17. The forecast loss of posts is 1,950 (1,600 ER/VR/CR – 350 vacant posts) with 200 compulsory redundancies (CR) to date. It is expected that funding cuts will continue until at least 2017/18 and possibly beyond into 2020.
- 19 The Institute of Public Policy Research (IPPR) North conducted an in-depth analysis of the 2013 June CSR as part of a wider piece of work on government spending, which showed that, as a share of expected economic growth, the latest cuts would fall particularly heavily on the regions of the North of England. The analysis showed the following:
- Assuming that broad spending patterns in 2015/16 were similar to those of 2013, on aggregate, departmental cuts would reduce public expenditure in the North East by £57 per person and in the North West and Yorkshire and Humber by £50 per person, compared with £43 per person in London and £39 per person in the South East.
 - When the impact of departmental cuts was viewed as a proportion of the size of the regional economy (as measured by gross value added - GVA) the Northern Regions were, once again, the hardest hit with the North East suffering three times as much as London.
 - When considered alongside announcements concerning capital spending the picture was compounded further with spending in London more than ten times that of the North East. Spending on transport infrastructure was more than 500 times as much in London as in the North East.
- 20 The uneven nature of public sector cuts has resulted in changes to and in some cases the abolition of funding streams which many Local Authorities used to help finance regeneration and economic development activities. The loss of these specific grants falls on top of the savings already required of local government and because of the nature of these grants the most deprived Local Authority areas have bared the brunt of these losses and subsequently those communities.
- 21 In County Durham the loss of specific grants traditionally used to fund regeneration and economic development activity included the loss of the Area Based Grant (ABG). Area Based Grants for the period 2008-2009 totalled £44,989,831 and included the following funding streams: Working Neighbourhoods Fund, Local Enterprise Growth Initiative, Local Authority Business Growth Initiative, Safer Communities and the Supporting People funding streams. More specifically:

- Working Neighbourhoods Fund (WNF) set out to “simplify and refocus local level funding to tackle worklessness and low levels of skills and enterprise within some of the most disadvantaged communities”.
 - Local Enterprise Growth Initiative (LEGI) ‘Be Enterprising’ was a flexible locally-defined programme which supported a range of activities designed to support existing local businesses to grow, support business start-ups, support residents to acquire skills and create jobs. The programme resulted in 2,616 clients starting a business and an estimated 2,762 new jobs (excluding self-employed owners) between 2006 and 2009.
- 22 The loss of ABG had the following impact on County Durham’s communities:
- A loss of flexibility to spend based on localised priorities and the ability to make localised interventions.
 - A loss of services funded in part or wholly by ABG, including Connexions and Be Enterprising which provided targeted careers advice for young people.
 - Deprived areas hit particularly hard by the loss of WNF which provided additional funding targeted at areas based on need.
 - Direct cuts to ABG indirectly affected the Community and Voluntary Sector and other partnership organisations as funding awards needed to be scaled back.
 - Current Central Government funding streams fail to replicate the deprivation element of ABG funding therefore communities within County Durham were without similar resource to help to tackle issues associated with employability and financial inclusion.
- 23 The Reference Group was informed that the Local Growth White Paper 2010 and the Heseltine Review of economic growth 2012 ‘*No Stone Unturned*’ has led to a significant shift in regional governance arrangements, establishing Local Enterprise Partnerships to replace the Regional Development Agencies (that had annual budget of £250 million) with a brief of supporting local growth, encouraging business investment and promoting economic development. Government accepted 81 of the 89 Heseltine Review recommendations including; Local Enterprise Partnerships (LEPs) tasked with developing strategic plans for local growth by spring 2014 to provide a basis for negotiating Local Growth Deals and finance with the Government; un-ringfenced Single Local Growth Funds would be introduced in 2015; and support to be provided for local authorities wishing to create ‘Combined Authorities’ for economic growth purposes.
- 24 From April/May 2014 local transport authority powers are to pass to a newly established Combined Authority (CA) ‘North East Leadership Board’ which would become the local transport authority for the North East LEP area. The CA will be responsible for developing a single Local Transport Plan and coordinating strategic transport decisions, but will delegate back to DCC the powers to continue managing local public transport services.

25 The Reference Group was provided with further details of the Government's current funding arrangements. Overall there has been an observable shift in funding and policies geared towards promoting growth with a reduced focus on supporting need.

- Regional Growth Fund (RGF) - The Regional Growth Fund is a £3.2 billion fund, helping companies throughout England to create jobs between now and the mid-2020s. RGF supports projects and programmes that leverage private sector investment to deliver economic growth and sustainable employment. There will be six rounds of funding bids. The first three rounds of RGF are now delivering, with around £2bn of the fund awarded to nearly 300 projects. In total County Durham has received funding for 19 projects in the first three RGF rounds of funding. Let's Grow is one project that has been awarded £30 million to provide between £50,000-£1,000,000 grant support for capital investment and R&D projects to create/safeguard jobs in the North East. It runs as a series of quarterly competitions focused on businesses who manufacture or provide service to manufacturing.
- Growing Places Fund - Administered at a regional level through LEP's, the fund provided £500m nationally to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing.
- EU Funding - The current EU funding period closed at the end of 2013 with the next period beginning in 2014. For the 2007-2013 period, these funds were worth approximately £13 billion to the UK, and specifically £8 billion for England. In relation to the EU funding programme 2014-2020 the Durham and Tees Valley region would receive proportionally more funding than in the previous funding programme due to transition region status (having a relatively low GDP). The North Eastern LEP was awarded €539.6 million, the equivalent of €239 per capita, with Durham receiving an allocation of €157 million.
- Single Local Growth Fund – Proposed by Lord Heseltine from 2015/16 there will be at least £2bn a year nationally focused on the key economic levers of skills, housing and transport funding, with LEPs invited to submit bids for the funds.
- Local Major Transport Funding - Bids had been submitted for three schemes to the North East Local Transport Body (NELTB) for the devolved Local Major Transport Funding.

Impact of the funding and policy changes in County Durham

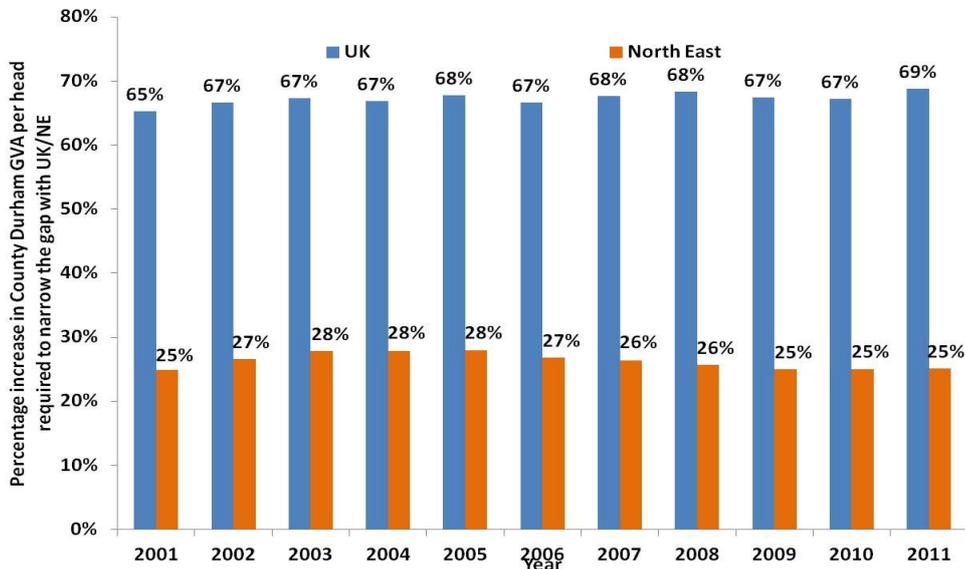
Key Findings

- 26 **The evidence shows that County Durham faces a number of structural challenges post economic downturn including; a lower employment rate; fewer job vacancies; a trend of moving from full-time permanent employment to part-time and temporary positions; an increase in the number of households on lower incomes with a decrease in households in higher incomes and an increase in worklessness.**
- 27 **In relation to economic growth within County Durham there has been considerable success in attracting new companies despite the economic climate for example Hitachi Rail Europe, Mazars, Rebels of Sweden.**
- 28 **Both within County Durham and nationally those reliant on benefits, those on low incomes and young people have been more affected by the changes in Government funding and policy.**
- 29 **There are particular geographical areas within the County which have been more noticeably affected by the changes to Government funding and policy. Of most concern are East Durham and South Durham, while North and Central Durham have also seen some negative impact.**

Discussion

- 30 In County Durham following 30 years of population decline, there has been a recent trend towards population growth, however, in reality the number of working age people is decreasing while the number of non-working age (65 plus) is increasing at a much faster rate. The County's employment rate is currently below both the regional and national averages. Whilst educational attainment has improved the gap however has not been narrowed sufficiently. Furthermore, while there has been a national drive to boost the 'knowledge economy' which provides particularly high value employment, within County Durham the knowledge economy provides a much lower proportion of the labour market (37% – 60,900) than in the North East (42%) or than in the UK as a whole (44%). When the public sector is excluded from this measure the gap widens further with only 18,300 jobs or 11% of employment in the knowledge based private sector which is roughly half the national average.
- 31 The Gross Value Added (GVA) of the County Durham economy is less than half that of the UK average and the gap between the local economy and the national economy has continued to widen over the last ten years. In 2001 local GVA per capita would have needed to increase by 65% to eliminate the gap with the UK (and 25% to close the gap between the North East) but by 2011 this had increased to 69% (and remained 25% to close the gap with the North East). The graph below details the GVA per head required in County Durham to narrow the gap within the UK and the North East between 2001 and 2011.

**Narrowing the Productivity Gap between County Durham, North East and UK
(Percentage increase GVA per head required)**



32 There is a 10% wage gap between County Durham and the England average. The number of households within County Durham on lower incomes (£0 - £25,000) is increasing whilst the number of households with higher incomes (£50,000 - £100,000 plus) had decreased as shown in the table below. In 2013, over 45% of households in the county had an income less than £25,000. The median income in this area is £24,052 (Durham 2013), which is 14.1% below the base (Great Britain 2013 median £28,024) average. The highest average incomes within the County can be found to the North and North East while the lowest are towards the East.

Household Income Data, 2012 and 2013

Household Income (£000)	2012 – No. of Households	2012 % of Households	2013 – No. of Households	2013 % of Households
0-20,000	96,519	43.1%	96,882	42.5%
20-25,000	18,864	8.4%	20,976	9.2%
25-50,000	64,977	29.0%	69,097	30.3%
50-100,000	37,308	16.6%	34,805	15.2%
100,000+	5,932	2.6%	6,000	2.6%

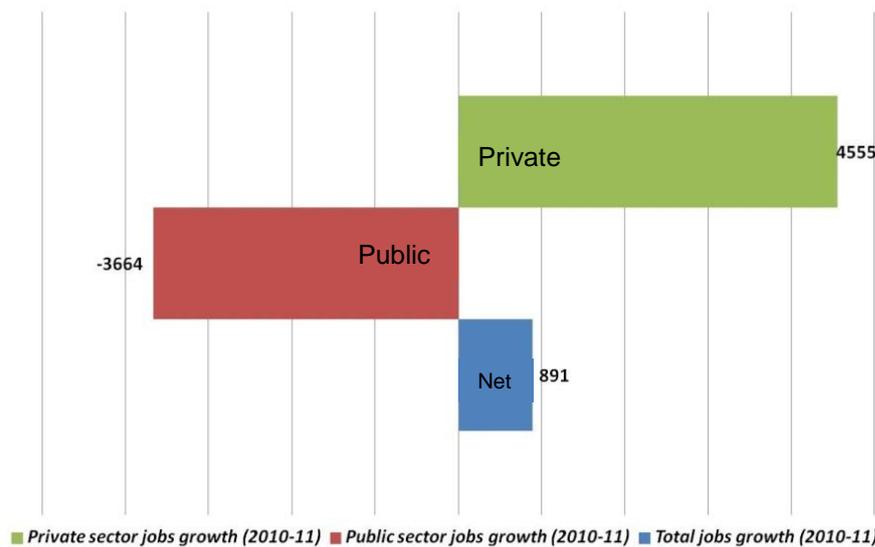
Source: CACI Household Income Data, 2012 and 2013

- Average wage levels within County Durham vary enormously with the highest in Durham City (£510 per week) and the lowest in Easington (£310 per week).
- The employment level within County Durham has not reached pre-recession levels of employment with relatively few vacancies available

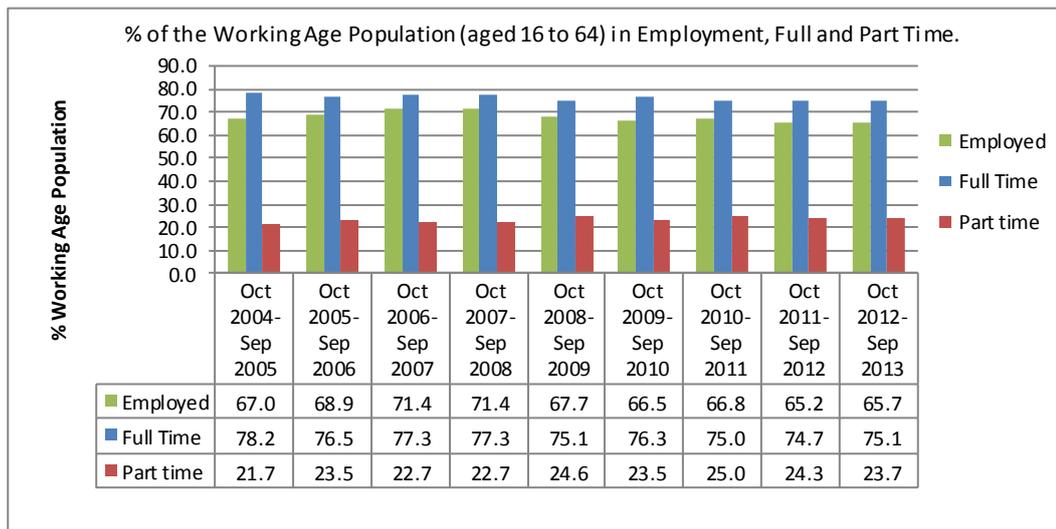
within the county (2 people of working age for every 1 job in the County compared to 1.4 people nationally and 1.6 people regionally). Although the latest trends (2011) show the number of jobs overall in the County increased marginally this growth is not comparable to the national average increase or the largest increases witnessed in the South West of the UK.

- County Durham traditionally possesses a labour market dominated by the public sector; however, there has been some element of restructuring with an increase in private sector jobs totalling 3.7% and a decrease in public sector jobs of 8.4%. Overall job growth within the County is flat, the sectors with the most significant private sector growth have been in private sector health care and information and communications. While the Government’s austerity measures continue further public sector savings will need to be found, it is therefore anticipated that the public sector labour market will continue to decrease well beyond 2014/15. The graph below shows the shift in labour markets 2010-2011.

Proportion of Private/Public sector Jobs Growth 2010-11



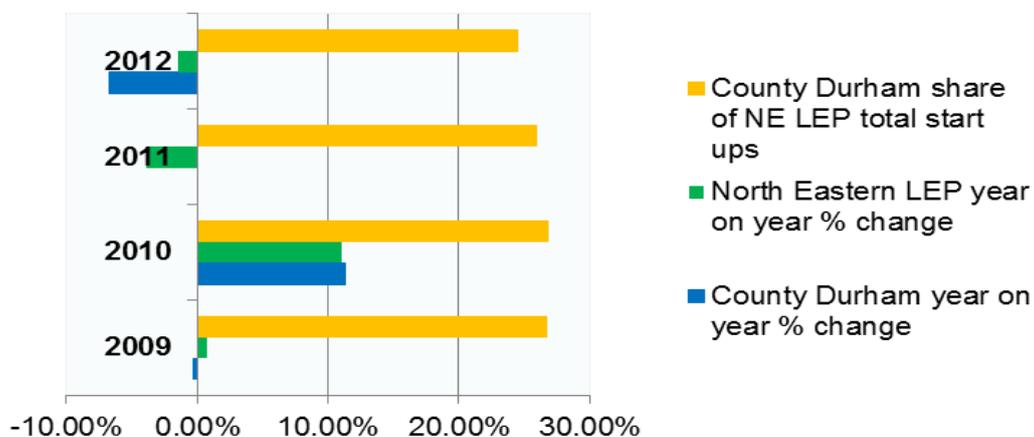
- Jobs lost within the public sector have not been replaced with ‘like for like’ jobs in the private sector, there has also been a corresponding trend of declining full-time permanent employment and growing part-time temporary employment which naturally results in lower wage levels and decreased economic output. This reinforces the Group’s findings that household incomes are declining within the County, largely as a result of structural shifts within the labour market. The graph below shows the changing labour market with an increase in part-time employees after the onset of recession (2008).



Annual population survey 2004 to 2013

- Despite an overall trend of decreasing employment in the County post-recession there has been some success in attracting inward investment in the shape of new companies to the County for example Hitachi Rail Europe, Mazars and Compound photonics with County Durham in 2012 accounting for taking over 20% of the NELEP total start-ups. The graph below shows the County Durham share of the NELEP total start-ups.

County Durham Business Start-ups as a Percentage of NELEP Start-ups



33 In relation to worklessness, post 2008 the gap has been widening between the local and national economy. Since the recession started unemployment has increased considerably. In some areas of County Durham almost a third of the working age population are workless. The East of the County has long term structural issues with regards to employability and is traditionally the areas with the highest levels of long term unemployment, IB claimants and JSA claimants in the County. More recently there has been a significant growth of worklessness in the South of the County. There is also growing worklessness in the Central band of Durham – which can largely be attributed to the significant reduction in public sector funding and the loss of public sector workers which largely form the principal part of Durham City’s economy.

- 34 East Durham has the fewest absolute number of people employed within County Durham so any growth in the employment rate here (530 P/T increase and 412 F/T increase) must be put in the context of coming from a 'low base' of people in work. The East of the County still possesses some of the most deprived wards in the County.
- 35 Some areas within the South and North of the County are also performing comparatively poorly to Regional and County averages. Areas of particularly low employment include: Seaham, Peterlee, Shotton and Haswell, Woodhouse Close and the Coundons, Dene Bank in Ferryhill and the South Stanley area. There are also low levels of employment in the central areas of Durham City however this may be attributed to the large resident student population.
- 36 The Reference Group was then provided with information detailing those groups which had been significantly affected by Government funding and policy changes. It was highlighted that nationally those most affected were: families; women; young people; carers and those with disabilities, unemployed, underemployed and the economically inactive. In relation to County Durham the groups being disproportionately affected were those reliant on benefits, with Welfare Reform measures equating to a loss of £188 million from the local economy per year (equivalent to £560 per working age adult, significantly more than the UK average of £470 per working age adult); those with low income as a result of changes in tax credits and rising prices; the young with youth employment very much higher than pre-recession rates and long term youth employment doubling since 2007.
- 37 The Reference Group was then informed that local evidence from the Welfare Reform Group indicated that:
- Discretionary Housing Payments (DHP) are having to fill the gap in income – 1,456 DHP awards have been made totalling £640,381 of the budget of £883,089. Latest projections indicate that the budget will be spent and that demand will exceed the level of budget available.
 - Anecdotally reductions in benefit have resulted in an increased use of food banks and increased personal debt.

Employability Interventions

Key Findings

- 38 **The policy environment in relation to employability has changed significantly. Previously policy had consisted of mandatory schemes without sanctions supported by locally tailored schemes which offered a suite of initiatives at each stage of the clients journey. The current policy environment consists of mandatory schemes with sanctions, predominantly national schemes which are employer focused with little flexibility and limited funding available to address specific local need.**
- 39 **JCP provides a range of schemes focused on getting people back into employment together with schemes designed to help those clients**

interested in self-employment as part of the 'Get Britain Working' measures (further details on the schemes are detailed in appendix 2).

- 40 **JCP does have a system for matching employers needs with clients skills (Universal Jobmatch), however members within the Reference Group had experienced instances where clients sent by JCP for work experience/work placement within small and micro businesses were not 'job ready', had been absent from the job market for a long period of time and did not meet the needs of the employer. In addition, Members queried whether there was adequate support for those businesses providing placements to clients who had multiple barriers to employment.**
- 41 **The County Council and partners do support a number of successful projects and initiatives within the County focusing on helping people back into employment such as the work of the AAPs (various projects focusing on helping people back into employment through mentoring and developing skills to make people job ready) or via projects such as the County Durham Apprenticeship Programme though the scale is both modest in relation to the number of people out of work and the finance that was previously available by the way of ABGs and the resources available to the RDA.**

Discussion

- 42 Information was provided to the Reference Group on national employability schemes that had existed previously compared to the schemes which are currently in place. Since the 1980s the accepted policy response from Central Government had been various programmes of 'welfare - to- work'. In the 1980s and 1990s Governments had introduced major changes in the levels and conditions for receipt of unemployment benefits, including the introduction of Incapacity Benefits. More recently there has been a shift in Government policy away from mandatory schemes without sanctions to mandatory schemes with serve sanctions. The Coalition Government's flagship Work Programme has primarily acted to insure those most able to work are supported into labour as quickly as possible at the expense of those furthest away from the labour market (those individuals with multiple barriers to employment). These individuals have effectively become marginalised, with few schemes or interventions designed to remove barriers to employment for those furthers from the labour market in place, this has acted to significantly increase the number of individuals who are long-term unemployed.
- 43 With regards to local employability schemes, previously schemes had a significant degree of local input thanks to funding such as ABG; ensuring schemes were tailored to meet local needs. The approach adopted throughout much of County Durham was holistic, offering a suite of initiatives at each stage of a client's journey extensively funded through Area Based Grants.
- 44 At present schemes to address employability issues are predominately nationally led and employer focused. This is largely due to the loss of ABG and other sources of Central Government funding as part of the austerity exercise, understandably, this has resulted in a loss of local input and a corresponding loss of flexibility. There are however small pots of funding

available to address local needs, local examples include; Coal Fields Regeneration Trust, Skills Funding Agency and Area Action Partnerships. These resources however offer only a fraction of what was available through ABG and the resources afforded by the Regional Development Agency.

- 45 The small localised interventions which the County Council and its partners have been able to adopt have not replicated the loss of previous schemes like for like. Replacements on a small localised scale have largely been County Council funded through the 14 Area Action Partnerships, though the entire budget of which makes up less than 5% of what was afforded to the County through the Working Neighbourhoods Fund. Much of the activity of the AAPs has been focused on helping people into employment either through mentoring and developing skills to make people job ready or through involvement in initiatives such as the County Durham Apprenticeship Scheme. Appendix 2 provides some examples of employability interventions provided through the AAPs.

Business support – Interventions and Federation of Small Businesses

Key Findings

- 46 **The evidence presented shows that the current network of support for business is complex, with the ownership of the various schemes spread across a number of Government departments and delivered by a number of providers. There has been a distinct shift from the costly face to face support of the past towards more frugal telephone and web-based support. The current system is notably confusing and complex particularly for small and micro businesses and sole traders who find it difficult and time consuming to navigate.**
- 47 **Concerning small businesses, micro businesses and sole traders which make up the vast majority of County Durham’s economy, there is a distinct need to expand the support currently offered to ensure that it is flexible in how it is delivered in terms of timings and availability and provides the range of support required.**

Discussion

- 48 The mix of business and enterprise support is historically complex with a notable ‘churn’ of initiatives and policies as various Governments come and go. In the 1980s the development of a policy to increase the ‘quantity’ of new UK businesses came to the fore, and small business came to be recognised for their potential to create jobs as well as being a source of productivity gains. In the 1990s, the emphasis shifted to improving the ‘quality’ of the small business stock through targeted initiatives such as Business Link. By the 2000s, the approach became more ‘balanced’ as policymakers sought to use enterprise policy both as an instrument of social policy to improve opportunities for disadvantaged individuals and communities and, at the same time, to improve the productivity of small businesses.
- 49 Since the economic downturn and the introduction of austerity measures there has been a notable scaling back of business support and an equal shift away from supporting disadvantaged communities. The Reference Group was

informed that national business support schemes such as 'Business Link' which had offered 'cradle to grave' face to face support now offers online support only to businesses, while a large part of the brief for Regional Development Agencies which were abolished had been to promote business efficiency and competitiveness .

- 50 Prior to 2008 a number of business support schemes existed with extensive resources funded through area based grants offering tailored support, which targeted disadvantaged and deprived communities in order to encourage enterprise, however, with the loss of ABG there was a corresponding loss of support. Current local provision has been reduced in size and scope while the Enterprise Agencies have also been left with diminished capacity. Again, there are small pots of funding available; however, funding has more often than not been awarded via a bidding process based on outputs. This approach marks a shift away from local schemes towards regional support focused on economic growth rather than a tool for addressing social inclusion which had been the approach witnessed throughout the 2000's.
- 51 Evidence from the Development Manager, for the Federation of Small Businesses (FSB represents 4,000 small businesses across the North East), highlighted the complexity of the support currently offered to small businesses. There are 891 national support schemes for small businesses with 114 these schemes available in the North East.
- 52 A major issue faced by small businesses was accessing finance however it was highlighted that the North East Access to Finance guide was a useful document that narrowed searches based upon business type and the funding required. In most circumstances small business owners preferred to speak to a person either via telephone or in person as regards to issues such as funding however a high percentage of the support options available to business have been scaled back to 'web-only'.
- 53 In relation to sources of support, Government support schemes focus on large national companies and those with high growth potential however schemes such as 'Growth Accelerator' which had initially not been intended for small businesses having failed to reach targets have been widened to include small businesses.
- 54 Concerning business within the North East, it was confirmed that of the 135,000 businesses, 134,000 were small and micro businesses with 100,000 of those being sole traders. However, the majority of business support was focused on the 1,000 largest companies. It was confirmed that the 134,000 small businesses equated to around 333,000 employees with a value of £24 billion to the regional economy. In addition, a lot of the jobs within small businesses are given to those moving from benefit into work.
- 55 It was highlighted that the complexity and vast nature of business support schemes causes confusion as regards to how the different Government schemes are accessed via Jobcentre Plus, Department of Works and Pensions (DWP) or other organisations/agencies. In addition, the number of schemes can lead to duplication of offer.

- 56 In relation to moving forward it was highlighted that FSB members wanted the Government to: create a 'Business Bank' which would provide an opportunity to simplify business support and focus on delivery (bringing finance and business support together).
- 57 The following points/issues were raised by members during the discussion in relation to business support:
- In certain business communities such as farming support would be accessed via the National Farming Union (NFU) or the FSB rather than the Local Authority or Local Elected Members.
 - Existing businesses tend to look to fellow businesses for support and advice.
 - Given the large number of sole traders there is a need to expand support to this group providing access to advice/support in relation to apprenticeship opportunities, expanding to employ additional staff and practical administrative support.
 - Issues were raised in relation to the 'work readiness' of individuals referred by Jobcentre Plus (JCP) to small businesses for work placements/trials. It is essential that job seekers are work ready and 'best fit' the needs of the small business.
 - The complexity of the current business support system and the number of providers would result in duplication of provision/offer.

Business Durham

Key Findings

- 58 **The evidence provided shows the support offered by Business Durham to both large and small businesses within County Durham. In addition, Business Durham has seen some success in supporting the attraction of inward investment despite the economic climate.**
- 59 **Business Durham also promotes enterprise within the County working with schools, colleges and Durham University on initiatives such as the 'Future Business Magnates' competition.**
- 60 **A key role for Business Durham is business growth which includes helping business within County Durham to access contract opportunities via Durham County Council's current procurement process, in 2012/13, 55% of the Council's spend was within County Durham suppliers and 77% of this amount was paid to SMEs in the County.**

Discussion

- 61 Members also considered the business support service commissioned by the Council through Business Durham which includes various initiatives with schools, colleges and Durham University. Business Durham works closely with key partners in particular the four Enterprise Agencies referring 130 enquiries for business start-up advice during 2012-2013, and 54 enquiries to December 2013 for 2013/14. One of the ways in which Business Durham promotes enterprise in young people is through the Future Business Magnates (FBM) enterprise competition which introduces over 200 young people per year to the principles of enterprise and connects County Durham businesses with schools. Examples of other enterprise promotion initiatives included: the Peter Jones Enterprise Academy, Durham University's 'Blueprint' enterprise competition and enterprise workshops in schools.
- 62 In terms of business growth and development, Business Durham's main role is to ensure that timely advice is available to businesses in the County, of whatever size, to assist with the issues they are facing. In addition Business Durham proactively engages with businesses to understand their issues and identify business growth opportunities and has business engagement groups for major industrial estates in the County at Aycliffe, Peterlee and Consett.
- 63 To support business development Durham County Council has launched a Social Value Taskforce, chaired by Councillor Neil Foster, to help small businesses and social enterprises win more contract opportunities. The County Council has already made progress in helping businesses in the County to access contract opportunities. In 2012/13, 55% of the Council's spend was with County Durham suppliers, and 77% of this amount was paid to SMEs in the County. The Taskforce will recommend ways that the Social Value Act can be used to help grow the local economy. It will also look at how the Council can embed the principles of the Act across everything the Council does. It is anticipated that the Social Value report will be completed by March/April 2014.
- 64 Inward investment is a vital tool in any attempt to grow County Durham's economy and therefore is seen as a key priority for Business Durham, total enquiries for the year 2012/13 totalled 63. A central role for Business Durham is managing and developing the County Council's business property portfolio, consisting of 440 individual lettable units totalling 52, 765 m², made up of modern office and managed workspace facilities, factories and NETPark. A number of improvements have been made to increase occupancy and revenue across the portfolio including improved marketing and increased use of social media.

Interventions – Bishop Auckland College – Visit

Key Findings

- 65 **Bishop Auckland College has been pro-active in work undertaken to engage with local employers to identify their training requirements and deliver suitable training courses to ensure that young people in local communities within County Durham have the desired skills and are best placed for future employment.**

Discussion

- 66 On the 13th January, 2014 the Members' Reference Group carried out a visit to Bishop Auckland College (BAC) to see 'first hand' the type of support that they provide to the local business community. The visit consisted of a tour of the facility followed by a presentation from the Principal/Chief Executive and key managers.
- 67 During the tour of the college facility Members visited the Motor Vehicle, Joinery, Bricklaying, Graphics/Printing and Catering/Hospitality facilities and commented on the high quality of the facilities and equipment for use by the students. It was highlighted that entrepreneurship is encouraged by the college and also there are initiatives such as 'Ambition', a fully licensed restaurant offering students the full front of house experience, providing real world experience and an opportunity for employers to see student's skills.
- 68 The Reference Group was informed that a restructuring had taken place within Bishop Auckland College to train young people in the skills required by local employers via responsive training, ensuring that the training provided met the needs of local employers.
- 69 In relation to opportunities the college commented that there are signs showing a manufacturing upturn for example the arrival of Hitachi at Newton Aycliffe and opportunities within the supply chain; European Funding coming into County Durham; the NELEP priorities of investing in education, skills and lifelong learning; technical development and innovation (NETPark); and some positive policy changes in relation to apprenticeships. All the above opportunities are having an impact on the delivery plans and aspirations of the college and in ensuring the development of appropriate support and learning for students and employers.
- 70 It was noted by the Reference group that the UK Commission for Employment and Skills (UKCES) had noted a mismatch between skill and jobs in the UK (supply and demand). It was felt by the College that there is a need to move from simply selling training to employers, to helping to drive demand in sectors through business support and thereby creating a 'pull through' to schools and colleges to stimulate interest and demand for jobs linked to job opportunities. The college highlighted the need for EU resources to be used to stimulate and support business growth and expressed a desire to be involved in developing and supporting this type of business support.
- 71 In relation to engagement with employers it was confirmed by the College that they have a team of staff who focus on engaging with local employers to identify their training requirements to ensure they are met by courses delivered by the College. The College commented on the links which it has to the Enterprise Agencies and Durham County Council in working with employers.

Regeneration and Economic Development Service Grouping Response

- 72 The Regeneration and Economic Development (RED) Service Grouping have welcomed the opportunity to undertake this piece of work with the Reference Group to consider the implications of changes to government policy and funding on the economy of County Durham. The scope of the work and discussions with Members has highlighted the key issues, challenges and opportunities facing the county. It is imperative that collectively with partners we continue to support the growth of the county's economy to stimulate growth, strive to reduce the deprivation gap within communities and where possible continue to mitigate the impacts of policy and funding changes.
- 73 As highlighted within the report analysis financial pressures facing the wider public sector and councils like Durham has had impact upon the services provided. Funding and policy changes, along with the drive to reduce deficits has affected the way we do business whether that is through efficiencies, changing services or different commissioning channels. A recent research report published in March 2014 by the Association of North East Councils and the Institute for Local Governance '[Challenging Times: prospects for Local Government in the North East of England](#)' highlights that some areas have been much more affected by the Government funding and policy changes. The research echoes that referenced by IPPR with members, '*that councils in the less prosperous parts of the county, including the North East, have been hardest hit by the government's cuts.*' Confirming that these areas are often more reliant on government grants, are less able to generate additional revenue from Council Tax and Business Rates and are also less able to benefit from new grant regimes that are growth focused rather than needs based.
- 74 This changed nature in funding has affected the types of services we have supported over recent years and an issue that has been highlighted with members. This ANEC and ILG Report details that disparities in council funding and resources is likely to continue and intensify. It continues to note issues not covered within this analysis with members, stating that while there is increasing demand for local public sector services within the north east, these are being cut and are set against increasing demographic pressures, new legislation and consequences of welfare reforms and austerity measures. As a council we are mindful of these challenges and need to remain aware of how these pressures sit alongside local authority job losses and welfare changes. With reduced household disposable incomes and spending power this could continue undermine the economic recovery within our local economy.
- 75 As a Service Grouping, RED will continue to assess the implications of policy and funding changes in our approach to service design and delivery. Working with partners through the County Durham Economic Partnership and specifically the newly established Data Management Group we will continue to consider and understand the changing economic environment is having upon the economy of County Durham and the challenges and opportunities this presents. Through this group it is planned to review our current measures of success that provide a barometer of the county's economy and help to measure the performance of council interventions.

- 76 It is important that we can respond positively to these changing and challenging times, adapting service delivery as possible and reconsidering our priorities when tackling budget reductions and targeting our support. The majority of RED's services and activities provide longer term measures and approaches to promoting economic development to improve the local economy including development of strategic sites, business support and employability support. These changes and impacts take time. It is necessary that we continue to provide detailed statistics, research and analysis for strategy, plan and activity development through our Spatial Policy Team to ensure our interventions are fit for purpose and have the desired impacts. This service support will continue to provide context and knowledge for our Service Grouping, alongside the production of regular economic updates.
- 77 As a Service Grouping we will continue to consider the right balance of support and interventions that address need and support opportunities within the county. This involves working closely with partners to develop appropriate interventions and making the most of the available funding opportunities that are presented - whether this is through the next EU funding period 2014-20 or supporting partners with Regional Growth Fund applications.
- 78 As recognised within the report the regional approach to supporting regeneration and economic development has changed significantly over recent years. RED will continue to support and work closely with partners within the North East Local Enterprise Partnership and through the North East Leadership Board to maximise opportunities for County Durham. This in recent months has included extensive partnership working to inform the development of the NELEP EU Structural and Investment Fund Strategy and the North East Strategic Economic Plan (SEP). The SEP, once agreed, will outline the agenda for growth for the north east. Some of County Durham's key assets will be recognised such as:
- cultural and academic urban core within Durham City
 - second largest industrial area within the north east local enterprise partnership area at Aycliffe Business Park
 - key growth areas alongside the A1(M) and A19
 - innovation hub at NETPark
 - inward investments such and Hitachi Rail Europe at Merchant Park
- 79 Our partnership approach to enhancing this agenda for growth by supporting economic growth and job creation within the county is crucial to making a difference and supporting our ambition of *creating sustainable places where people want to live, work, invest and visit whilst enabling residents and businesses to achieve their potential*. Considering and understanding the changes to policy and funding, alongside the challenging economic times is intrinsic to this approach. The opportunities available to and within the county need to be capitalised to address market failure and support investment in the right places whether this is through the creation of business sites and premises or employability programmes to support people into employment. Balancing need and opportunity is complex. Through the development of a County Durham Investment Plan with the CDEP has indicated the priorities for

investment in line with EU funding priorities and those identified by the partnership. The next few years present challenging times for the partnership and the RED Service Grouping to maintain the balance of service delivery in areas of the county witnessing decline and opportunities to stimulate further economic growth and tackle the ongoing pressures associated with deprivation.

Conclusions and Recommendations

- 80 The Members' Reference Group was established to assess the impact of changes in Government funding and policy on the economy of County Durham and in doing so adopted the approach of examining the scale of the changes, what policy themes have experienced changes, which areas within the County have been affected by these changes and which group/groups have been affected by these changes. It was also determined that the Reference Group would consider opportunities available to assist in mitigating the negative impact of changes in Government funding and policy.
- 81 After reviewing the evidence and key findings the Members' Reference Group recommendations in respect of the impact of changes in Government funding and policy on the economy of County Durham for consideration by the Economy and Enterprise Overview and Scrutiny Committee and Cabinet are:-

Recommendation 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.

Recommendation 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.

Recommendation 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.

Recommendation 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 (Durham €157 million as a Transition Region) for our residents, communities and businesses

helping to give them the right tools and support to access employment and economic growth opportunities.

Recommendation 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.

Recommendation 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.

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Appendix 1: Implications

Finance – The report identifies the importance of Durham County Council utilising all opportunities in relation to new initiatives for funding for example the European Funding Programme 2014-2020 to ensure that the County maximises the funding opportunities currently available for the benefit of County Durham.

Staffing – None.

Risk – The RED Service Grouping will identify within the appropriate Service Plan key risks as a result of changes in Government funding and policy on the economy of County Durham.

Equality and Diversity / Public Sector Equality Duty - The review report takes into consideration Equality and Diversity and has resulted in the necessary Equality Impact Assessment being carried out.

Accommodation – None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – The report makes reference to the work already undertaken by DCC in relation to helping businesses in the County access contract opportunities. It also refers to the establishment of the Social Value Task Group currently looking at how the requirements of the Social Value Act can be implemented to help small businesses and social enterprises win more contract opportunities.

Disability Issues – The report identifies groups which have been most affected by the changes in Government funding and policy, on a national level those with disabilities had been identified and in relation to County Durham those reliant on benefit which would include those with disabilities. The RED Service Grouping will continue to monitor data in relation to those groups most affected.

Legal Implications - None

Appendix 2: Employability Interventions

'Get Britain Working' Jobcentre Plus Initiatives

- Work Clubs – these provide people with a place to meet to share experiences, find opportunities, make contacts and get support to help them in their return to work. JCP provides practical advice on establishing or supporting a Work Club.
- Working Together – JCP will give individuals information about volunteering.
- Work Experience – offers a greater insight into the world of work. JCP will offer young unemployed people the opportunity of 2-8 weeks work experience by matching eligible claimants to placements.
- New Enterprise Allowance – provides help for unemployed people who want to start their own business. Business mentors from the local community provide guidance and support as customers develop their business idea and through the early stages of trading.
- Enterprise Clubs – encourage people who are interested in self-employment to share skills and experience.
- Sector Based Work Academies – combine sector specific training with a work experience placement and a guaranteed job interview with an employer in that sector. They are targeted at customers close to the labour market to help them find work and are established in sectors with high volumes of entry level jobs and current vacancies. Placements last for a maximum of six weeks.
- Wage Incentive – this is available if a business takes on a young person for 16 hours or more each week in a job lasting more than 26 weeks. Wage incentives are available to private, voluntary and community sectors and social enterprise employers.
- Universal Jobmatch – was launched on 19th November, 2012, using the technology from www.monster.co.uk, a job search website, enabling people to upload their CV to be searched against by employers providing a 24 hour-a-day job search activity with job alerts provided to customers when suitable vacancies become available.
- Work Trials – enable customers to try out positions providing an opportunity for employers and customers to see if they are a 'good fit'. The trial is normally for 1 or 2 weeks.

Area Action Partnership Employability Interventions

Below are some examples of the work being undertaken across the County by different AAPs:

- 4Together AAP – 'Reach Project' - as a direct response to welfare reform and to address the current economic hardship faced by local people, the AAP has developed this project in 2012/13. The project has a suite of

measures aimed at raising people's confidence and skills to better engage in their community and job market. The Reach Project offers one to one mentoring support, helping people with various issues including: homelessness, Employment Support Allowance appeals, online Job seekers claims, housing and council tax benefits and personal independent payments. A job club is provided twice per week to help people access IT facilities.

- BASH AAP – has funded two Business Advisors in the area with the focus on self – employment. The project is in partnership with South Durham Enterprise Agency, Durham County Council and 2D. Their aim is to provide flexible support and targeted business advice to businesses and business start-ups in the Bishop Auckland and Shildon area, this included business planning, financial forecasting and marketing. The scheme offers clients intensive one to one support with targeted training available. The support is also available to existing businesses as well as potential new business start-ups. The project has proved to be successful and recently reported the 100th Business start-up.
- GAMP AAP – Employability Skills Fund – this project has been running since 2011 and has achieved a number of successful outcomes. It responds to the increasing need for support for people trying to find employment. The two funds that support the project are an 'Employability Skills Fund' aimed at responding to specific training needs and a 'Discretionary Fund' aimed at removing barriers that prevent clients from accessing training.
- East Durham Rural Corridor AAP – has focused on apprenticeships, with the apprenticeship initiative creating a further 15 apprenticeship opportunities this year. The AAP has worked in partnership with Jobcentre Plus and colleagues in Regeneration and Economic Development and the National Apprenticeship Service to increase the number of apprenticeships in the area.
- Three Towns AAP – is funding an Employability Mentor whose remit is to help remove barriers to employment. The project has been running for 8 months with 132 unemployed residents receiving support from the project with 74 people having a successful outcome with 42 gaining employment, 30 into self-employment and 2 apprentices.