



**Economy and Enterprise
Overview and Scrutiny Committee**

Date **Monday 26 September 2016**
Time **9.30 am**
Venue **Committee Room 2, County Hall, Durham**

Business

Part A

**Items during which the Press and Public are welcome to attend. Members
of the Public can ask questions with the Chairman's agreement.**

1. Apologies for Absence
2. Substitute Members
3. Minutes of the Special Meeting held 4 March, Meeting held 28 June and Special Meeting held 28 July 2016 (Pages 1 - 36)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Media Relations
7. DurhamWorks Programme (YEI Project) - Update: (Pages 37 - 42)
 - (i) Joint Report of the Director of Transformation and Partnerships and the Interim Corporate Director of Children and Young People's Services.
 - (ii) Presentation by the Strategic Manager – Progression and Learning, Children and Young People's Services.
8. Durham Key Options - Update on Consultation: (Pages 43 - 54)
 - (i) Joint Report of the Director of Transformation and Partnerships and the Corporate Director of Regeneration and Economic Development.
 - (ii) Presentation by the Housing Manager, Regeneration and Economic Development.

9. Quarter 4, 2015/16 and Quarter 1, 2016/17 Revenue and Capital Outturn: (Pages 55 - 84)
Joint Report of the Corporate Director of Regeneration and Economic Development and the Interim Corporate Director – Resources – Finance Manager, Resources.
10. Quarter 1, 2016/17 Performance Management Report: (Pages 85 - 102)
Report of the Director of Transformation and Partnerships – Performance and Improvement Team Leader, Regeneration and Economic Development.
11. Scrutiny Review of Support Provided for Skills Development within County Durham: (Pages 103 - 152)
Report of the Director of Transformation and Partnerships – Overview and Scrutiny Officer.
12. Minutes of the County Durham Economic Partnership meeting held on 12 July 2016 (Pages 153 - 158)
13. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
16 September 2016

To: **The Members of the Economy and Enterprise Overview and Scrutiny Committee:**

Councillor R Crute (Chairman)
Councillor A Batey (Vice-Chairman)

Councillors E Adam, J Armstrong, J Bell, J Clare, J Cordon, M Davinson, D Hall, T Henderson, C Kay, B Kellett, J Maitland, H Nicholson, R Ormerod, A Patterson, M Simpson, P Stradling, O Temple and A Willis

Co-opted Members:

Mr T Batson and Mr I McLaren

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Friday 4 March 2016** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Armstrong, A Batey, J Clare, B Kellett, J Maitland, H Nicholson and O Temple

Co-opted Members:

Mr T Batson

1 Apologies for Absence

Apologies for absence were received from Councillors J Bell, J Cordon, M Davinson, T Henderson, A Patterson, P Stradling, S Zair and Mr I McLaren.

2 Substitute Members

No notification of Substitute Members had been received.

3 Declarations of Interest

There were no Declarations of Interest.

4 Items from Co-opted Members or Interested Parties

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

5 Support provided to SMEs within County Durham

The Chairman introduced the Managing Director, Business Durham (BD), Dr Simon Goon, who was in attendance to give an update as regards support provided to Small and Medium Sized Enterprises (SMEs) within County Durham (for copy see file of minutes).

The Managing Director, BD introduced colleagues who would help provide information for the Committee: Colin Bell, Regional Growth Manager for the North East Local Enterprise Partnership (NELEP); Joe Murray, Chief Executive of the CDC Enterprise Agency; and Ted Salmon, Regional Chairman of the Federation of Small Businesses (FSB). The Managing Director, BD explained that issues to be presented included: the importance of SMEs for the County Durham economy; an update on the activities of BD; information from the CDC Enterprise Agency; information from the NELEP; and the perspective from the FSB. Members were asked to note that the information to be presented today was looking at areas other than retail and leisure/tourism.

Members were reminded that the Gross Value Added (GVA) figure for County Durham was growing and had been quite quickly, as had the regional figure, and the county Durham figure was growing more quickly than the national figure. It was highlighted however, that the County Durham and North East figures had started at a lower baseline. Councillors were informed that information from the Office of National Statistics (ONS) showed that County Durham had approximately 12,000 businesses, noting a data-lag of around 5 months. Members noted approximately 87% of businesses in County Durham had fewer than 10 staff and 97% having fewer than 50 staff, highlighting that the majority were SMEs. It was added that figures showed there were around 190,700 jobs in County Durham, and a breakdown showed the largest proportion was in public administration, with the next largest sectors being: distribution and leisure; manufacturing; banking, finance and insurance; and construction.

The Managing Director, BD reminded the Committee of targets set by the County Durham Economic Partnership (CDEP) for 2030, namely:

- Employment Rate: to be maintained at 73%.
- Business Stock: to increase by 6,340 businesses.
- Household Disposable Income: to reach 103% of the regional average.
- GVA: to reach 87% of the regional average.
- Deprivation: to be at 64 areas ranked in the top 20% most deprived.

The Committee noted that the CDEP had developed a new Business and Enterprise Framework, looking at new sector segmentation, geographic clustering and competencies. Members learned that a new mapping exercise would look at business competencies and that this would be carried out via a web portal and would prove to be a powerful tool in terms of identifying needs. It was added that there could be a further update for Members at a future meeting in terms of this. Members were referred to a slide setting out the various elements in terms of business competencies, including: supply chain management; leadership, management and strategy; productivity; new markets; innovation; and access to finance. Members noted a slide highlighting some of the larger companies operating within the county, representing the range of employment sectors. Councillor B Kellett asked as regards the percentage of companies that operated as branch companies, as he felt that this could be seen as a fragility in our economy. The Managing Director, BD noted that with the exception of Northumbrian Water, all the large companies in the county were branch companies, and many of the medium sized companies were too, noting some local exceptions.

It was added that the majority of companies within the county were SMEs, though it was noted that large investments had been made by large companies in sites in the county, citing Caterpillar with around 1,200 jobs, Tallent Automotive with around 1,400 jobs, NSK AKS with around 700 jobs and Hitachi with around 750 jobs, once at full production. Councillors noted the economy in terms of branch companies was not as fragile as it was 10 years ago; however, the biggest threat may come from other branches within a company.

The Managing Director, BD noted that there was a need for a greater diversity in terms of the economy within County Durham to provide a better position in the face of any changes in the economy as a whole. Members were reminded of the county's strong manufacturing base, albeit with a slight affect from the slight reductions in the oil and gas industries. Members noted other strong sectors in the county included: the automotive industry and supply chain; chemicals and pharmaceuticals; business services; and food and drink, noting the county exported tacos to Mexico. The Managing Director, BD reminded Members of the high-tech industries including those associated with the space industry and light, such as PolyPhotonix and Thorn.

Members were referred to a slide setting out the aims of BD in terms of growing the private sector and supporting this by: increasing business survival; increasing business start up; increasing businesses attracted; and increasing jobs, both new and safeguarded. It was added that it was also an aim, working in partnership, to raise economic aspirations. Members noted that both the Future Business Magnates (FBM) programme and NetPark had celebrated their 10 year anniversaries, both being excellent successes.

The Managing Director, BD explained that Business Durham operated with 3 teams: a business space team; business development team; and an innovation and high growth team. It was noted that the business space team managed the business space portfolio, capital development and also the NetPark property. Councillors learned that the business development team worked in terms of: enterprise; SME engagement; strategic company engagement; and partnership groups such as the Business and Skills Enterprise sub-group, Social Value Task Force and Business Education Board. It was added that the innovation and high growth team focussed on: the innovation community (NetPark product); inward investment; and sector strategy and development, for example the Manufacturing Task Force.

Mr T Batson asked how BD would advise a business that wished to expand. The Managing Director noted that BD was not a strategy consultant; however, they could direct a business to the relevant partners who would be able to help. An example given was an engineering company that required a new CNC machine and when looking at shift patterns and usage of the machine it may be possible to be more productive and competitive, helping offset the cost of the equipment. Mr T Batson asked if advice could be given in terms of legislation, such as dealing with the Environment Agency. The Managing Director, BD explained that BD could not advise, however, could highlight changes in regulation in order to allow businesses time to be able to factor in such changes. Members noted that, where possible, BD would direct businesses to sector specific support or relevant agencies such as the Federation of Small Businesses (FSB).

The Managing Director, BD explained that support offered had 3 elements: context; time; and who. It was added that context meant support given to a business that was specific and relevant to that business, tailored and personal. It was noted that timing was also important as was the need to ensure support was by the right people, whether that be local or national experts, and BD could lever-in such support. It was added that it was important to have a credibility of trust with employers and that those businesses in Durham that worked with BD and partners were very generous with their time.

The Committee were reminded that in terms of enterprise, it was important that BD helped to “inspire people today for tomorrow’s economy” and to help ensure that the next generation of business leaders were inspired with the spirit of entrepreneurship. Members were familiar with the FBM programme that helped to inspire young people, however, it was added that there were other activities involving Further and Higher Education Colleges. Councillors also learned of the Durham City Incubator to encourage businesses to stay in County Durham, working with Durham University. It was noted that while BD did not provide start-up support, it worked in tandem with the Enterprise Agencies in order to offer this. Councillors noted that there was an “enterprise journey” with a slide showing how this operated, moving from the business animation as previously described through to: pre-start; start-up; post start-up 0-1 years; and business development 1-3 years plus. It was noted that the first 2-3 years of a business was a delicate stage and that BD would be there to support at the front and back end of that journey. It was added that for businesses that needed tailored support there were appropriate networks established, such as NetPark Net, to give this support.

The Chairman thanked the Managing Director, Business Durham and asked the Chief Executive, CDC Enterprise Agency (EA), Mr J Murray to speak in relation of the support offered by his organisation.

The Chief Executive, CDC EA explained the context of the enterprise agency movement, which had begun in the early 1980s. Members were reminded that there had been 6 EAs covering the 7 District Councils in existence at that time: Derwentside; Chester-le-Street and Durham; Sedgefield and Shildon; Teesdale; and Weardale. It was explained that the EAs had been a response to the widespread change to the coal, rail and steel industries in the County and had focused on tackling unemployment and developing skills. The Chief Executive, CDC EA noted there were now 4 EAs in the County: CDC EA at Chester-le-Street; Derwentside EA at Consett; the East Durham Business Service at Peterlee; and the South Durham EA at Bishop Auckland. Members noted that EAs had initially been set up nationally and supported by Local Authorities (LAs), though now they were self-sufficient.

The Chief Executive, CDC EA noted the role of the CDC EA, which was broadly similar to that of all the County Durham EAs, to contribute to improving the economy of County Durham by: an increase in the entrepreneurial activity in the County; and an increase in the prosperity and volume of its business stock. Similar to BD, it was noted that should the CDC EA have a query it could not deal with directly, they would not turn the business away, rather they would help signpost to the relevant partners and other agencies that could provide the relevant support or service.

In terms of the support offered by the CDC EA, the Chief Executive noted that around 60-70% was in support of business start-ups, helping in terms of coaching, mentoring, business advice and training.

It was added that businesses would have an individual business advisor assigned and that they would help turn an idea into a reality, looking at business plans, funding, marketing and help in validating an individual's idea. Members were informed that mentoring included support from experts with real world business experience and that training ranged from informal "how to" sessions through to formal accreditation.

The Chief Executive, CDC EA added that it was important for new businesses to network and there were several ways they could do this including: the Dewentside Business Network; "Mumpreneur"; and Enterprise Clubs. Another issue that was important in the support of new businesses was that of accommodation and there was office space available at 3 locations: MILE House; Consett Innovation Centre; and Steel House. It was explained that there was more demand for small office spaces and therefore larger spaces were being subdivided to help. Members noted that the support in this regard was also to try and help local businesses stay local.

The Committee noted that challenges that faced the CDC EA included levels of engagement. Members noted that there were 1,500-2,000 enquires a year, which filtered down to 400-500 starts but to generate more starts there was a need to "fill the funnel" and therefore there was a need to generate more enquires by pre-animation work and encouragement, for example activities such as the FBM as previously mentioned. It was noted that there needed to be clarity as regards where EAs fitted in to the overall scheme in terms of business support, and that there was a need to end an over-dependency on the public sector, with the demise of many agencies nationally and with EAs delivering many LA and Department of Work and Pensions (DWP) programmes. It was added that other challenges included commercialisation, access to information and sustainability of businesses. Members noted that while there was a shift towards accessing information via the internet, in terms of business support often people need to have a conversation and meet face-to-face to help provide assurance and bolster confidence. The Chief Executive, CDC EA concluded by noting that EAs needed to position themselves to best meet the needs of the community and that this included supporting residents in terms of their ideas and boost confidence, not just businesses.

Mr T Batson noted the comments in terms of overdependence on the public sector and asked as regards this perception. The Chief Executive, CDC EA explained it was meant in terms of support to individuals and that work was ongoing with many partners, such as DCC and Cestria Homes to name a couple, in terms of Welfare Reform and the anti-poverty agenda, as well as working to ensure there were opportunities for people, for example helping identify options such as self-employment for people who had recently been declared "fit to work" following periods of being unable to work.

Councillor E Adam noted the positive work being undertaken and asked whether the disparity between the numbers of enquires and business starts was down to funding or another reason. The Chief Executive, CDC EA noted that CDC EA themselves did not provide funding, but could help in signposting where it may be available. It was explained that grants were not as available as in the past, though loans were readily available. It was added that in borrowing the money rather than being given, this made people more focussed and committed in terms of their business. It was added that in some cases credit checks were a barrier in terms of accessing loans. Councillor E Adam asked whether poor credit ratings were forcing people to accept loans at a poor APR.

The Chief Executive, CDC EA noted that issues such as CCJs could prevent access to funding, however there was scope for people, even with a poor credit rating, to be able to access some form of loan in most cases. The Managing Director, BD added that working with Credit Unions was an excellent way of helping people manage their debts and improve their credit ratings.

The Chief Executive, CDC EA added that not all people that accessed services via the CDC EA would become self-employed; rather around 50% would do so, with approximately 40% getting a job and with the remaining 10% moving on to further education.

Councillor J Maitland asked as regards “Enterprise Zones”, meaning areas with incentives in terms of Council Tax and Business Rates. The Chief Executive, CDC EA noted that there was a national scheme in terms of business rates that could help save businesses around £4,000-5,000. The Managing Director, BD explained that there were currently no active enterprise zones, however, with a “Round 2” in terms of Enterprise Zones via the North East Local Enterprise Partnership (NELEP) an area at Hawthorn in the east of the County would go live in April 2017, offering business rate relief for 5 years, up to 2021/22. It was added that there was work ongoing with the NELEP in developing services at Hawthorn. The Chairman noted that there was a balance for the Authority in terms of incentives offered and collection of business rates. The Managing Director, BD noted that BD worked with the Business Rates Team at the Council and they had been very good and very helpful, for example in not re-rating properties.

Councillor J Clare noted mention of pre and post start-up support and asked was there some overlap in terms of the help provided by BD and the EAs, training being provided by the EAs and colleges, and competition in terms of DCC business premises. Councillor J Clare also recalled a previous presentation by the FSB in terms of the complexity of the support for businesses and therefore there was a need to address overlapping areas and simplify the process. The Chief Executive, CDC EA noted that often EAs delivered programmes on behalf of other agencies, including LAs and while clients ultimately did not care who offered support it was important to EAs to retain their profiles and help clients navigate the support services that were available. The Managing Director, BD noted that it was not competitive, rather there was a choice for clients and that each organisation helped to signpost to each other where appropriate, for example EAs usually have smaller accommodation on offer and can direct to BD who can offer larger units that may be more suitable to certain ideas and businesses.

Councillor O Temple noted that there was a general perception that EAs had simply gone away rather than having undergone a metamorphosis and asked what was being done in terms of informing people in terms of what EAs were doing and providing. The Chief Executive, CDC EA noted that there was still the same number of clients accessing the service as had done in the past, however, in terms of communicating what was on offer there was a presence on the internet and social media. It was added that in many cases people did not have a perception of “what came before” in terms of the early days of the EAs back in the 1980s.

Mr T Batson noted that those that walked in the door, so to speak, were in the knowledge that the EAs existed and asked what was done to help advertise the existence of the EAs to those not in the know.

Mr T Batson also asked as regards enterprise zones for County Durham. It was reiterated that there were currently no enterprise zones and that the one for Hawthorn would go live in 2017.

Councillor A Batey recalled in the past that support was offered to small businesses via Government Office North East (GONE) and the Department for Trade and Industry (DTI) which was complex and difficult to deal with when trying to start a new business. Councillor A Batey added that there was a need to help support the networks, and found the “mumprenuer” idea very interesting, suggesting that further promotion of this via the “Mums in Durham” Facebook page could help to generate more interest, noting from experience how such networks can be vital in supporting newly formed businesses.

The Chief Executive, CDC EA noted there was access to those social media channels as described, however, there was a need to help people and businesses become robust and able to support themselves to some extent. It was added that it was a capacity issue also in terms of supporting those 30% of businesses that did access the CDC EA as a priority.

Councillor H Nicholson noted that the South Durham EA was highly regarded and embedded within the local communities in the area and that there had been a recent photograph with over 100 people showing the numbers of people being supported. It was added that Councillor H Nicholson thought that there needed to be a taper in terms of business rates and also activities to bring in further cutting-edge technology businesses to the County. Councillor J Clare noted a comment in terms of the numbers of clients being “steady” and asked what could be done in terms of “animation” to attract more enquires, asking where we sought our market.

The Managing Director, BD noted that all people were potential clients: school leavers; retired people; the unemployed; as long as they had an idea, however, how to target and help those people was not straightforward. Members were reminded that these business start-ups represented a very personal and important decision in people’s lives and that therefore it was essential to support people in making it work. It was added that BD worked with Durham University, the FSB, Durham Creatives (highlighting “e-entrepreneurs”), FBM and FBM+ and in helping with events such as an upcoming Science, Technology, Engineering and Mathematics (STEM) event at the GALA Theatre on 23 March. It was explained that films such as “The Social Network” and “The Imitation Game” were used as the hook to help encourage young people to look at what opportunities there were in the STEM fields. Members noted that another element of work was to collect and share good news stories, as sharing successes can help to increase confidence and it was highlighted that there was an active presence on social media, especially on Twitter.

The Managing Director, BD highlighted that BD had an important role in helping to promote County Durham as “a place where business is done” and it was essential to give good specific examples and these were promoted well using good quality web commentaries, an example being a “house that County Durham built”, which showcased the businesses involved in familiar household products and services. It was added that by showing these example people can be inspired and think “if they can do it, then I can do it too”.

Members were referred to a diagram showing a supposed typical life cycle of a business, with a neat sinusoidal curve showing an initial period of negative business gain while a company invested in research and setting up, followed by growth and maturity.

The Managing Director, BD noted that in reality it was very rarely as simple as this, with the picture often being much more complex.

It was explained that how BD helped businesses cope with this was via networking, and this was an element the Managing Director, BD thought was key in supporting businesses. Members noted that some help for businesses which was not “business support” included: “Durham 2sday” a fortnightly networking event; NetPark Net; the satellite applications Catapult; and supporting the various business parks in the county, such as at Aycliffe, Peterlee and the Drum Business Park at Chester-le-Street.

Members noted that there were many programmes and organisations regionally that BD could act as a gateway to, including the North East Combined Authority (NECA), UK Trade and Investment, and the CPI. It was added that as the Business Growth Service no longer existed, the Managing Director, BD believed there was an opportunity for the NELEP to step up and fill this gap and felt it was actually more fit-for-purpose in this regard. The Managing Director, BD reiterated that it was important for people to be able to network effectively and that having a “little black book” and knowing people within business was an essential element to any company.

The Chairman thanked the Chief Executive, CDC EA and asked the Business Growth Director, NELEP, Colin Bell to speak in relation to the NELEP Growth Hub.

The Business Growth Director, NELEP explained that the role of the Growth Hub was to build an ecosystem that would allow businesses to grow and thrive. It was added that growth hubs were an idea that came about over the last 3-4 years from the Department of Business, Innovation and Skills (BIS), with 39 growth hubs operating across the country, with some very different models in place, for example Manchester had a large number of staff and operated as a delivery organisation in addition. It was noted other growth hubs operated a more brokerage role and in the NELEP a “virtual/telephone” based model was adopted in order to be sustainable. It was explained that it had been clear from the Government’s comprehensive spending review (CSR) that they would draw back from business support, and that while there was extra support in terms of growth hubs, it was effectively removal of £200 million of funding and replacing it with around £12 million. It was added that therefore the NELEP and partners would need to work efficiently to be able to meet the aim of more and better jobs for the North East. Councillors noted that it was important to exploit the North East’s headroom in terms of growth and that there was a need for bigger businesses and more of them, for example encouraging businesses to have their headquarters within the region. It was added that another element would be to aim to grow microbusinesses into small businesses and small businesses into medium businesses, vital as there was a large number of these smaller businesses in the North East.

The Committee noted that when people looked for business support it could be daunting and confusing. The Business Growth Director, NELEP explained that its aim is to simplify this and it was therefore important to understand how to navigate, noting there were approximately 216 providers of business support in the North East.

Members were referred to a funnel diagram showing “Attention, Interest, Desire, Action” from the top to the bottom of the funnel. It was explained that the growth hub was at the top of this funnel, encouraging and inspiring people to generate more enquiries and then to connect those people to the relevant support for them.

The Business Growth Director, NELEP explained that the decision to operate a virtual model had been made as business support was often best via “word of mouth” and that today this meant online, with the usual first step for a decision being via an internet search engine.

It was added that in looking at the ecosystem, it had been determined that there was a need for a form of diagnostic at the frontend of the process, in order to identify the relevant skills and competencies required. It was highlighted that sometime there could be over-diagnosis and that there could be “paralysis by diagnosis” and that by providing a leaner journey could help more people move forward.

Councillors noted that the growth hubs “provided the glue” to many elements of business support, including: informal support such as peer-to-peer support; micro-intermediaries, such as local accountants or business coaches; linking to North East businesses; and the more formal business support provision.

The Business Growth Director, NELEP explained that there was “no wrong door” in terms of where people would look for business support, with digital and telephone being the main channels, and that by raising awareness with providers a landscape would be developed in terms of helping each other, with an increased trust between providers, though it was noted that County Durham was ahead of the curve regionally.

Mr T Batson noted that businesses would be willing to access support depending upon how easy it was to “open those doors”, for example cost, with the fear of the unknown being an issue and therefore building confidence with businesses would be vitally important. The Business Growth Director, NELEP agreed that businesses would need to see a tangible “bottom line” in the benefits of seeking support to grow. It was noted that, in the past, the lack of investment was a reason why the public sector had filled the gap and that also, in the past, the risk when funding was available was actually the time a business would need to invest. It was added that more recently as funding was via loans rather than grants then businesses would look for value for money in any support and therefore it would be for providers to be able to sell the tangible benefits of the support they offer in terms of growth. It was added that it was a role of the growth hub to be able to tell the stories of the successes to help encourage more businesses to grow and build. The Managing Director, BD added that business, at one level, was investing money in order to make more money and therefore an essential part of helping to encourage growth was to build up a “trust network” allowing businesses to identify who to go to in terms of support and help, and also who not to go to.

The Business Growth Director, NELEP added that alongside business support, the growth hub supported innovation and skills development. It was added that there were around 450 businesses registered on the NELEP Growth Hub and there was a list of 216 providers of support. It was added that as there was over 760 events being held within the region, it was important for businesses to know what was happening and be able to access this information.

It was explained that it had been noted by users that they did not want a log-in profile and then to search content, rather they preferred content to be offered at the front-end, grouped into themes.

Councillors noted that in addition, should there be a question this could be shared within the community, providing peer support and advice from people with real world experience. Members learned that the growth hub aggregated partners content, set out information on campaigns on topics such as exporting (Government) and start-ups (EAs) and the forum style used appeared to be a more successful method of providing a user-friendly question and answer model.

The Committee noted that gaps that had been identified included: supporting the transition from start-up to growth; equipping leaders with the skills required to survive and thrive; supporting commercialisation of ideas, research and design and technology; pre and post finance support; support for potential growth businesses, including manufacturing; tailored diagnosis and signposting; and tailored growth support for areas of Smart Specialisation. The Managing Director, BD added that County Durham was blessed with excellent partnerships, with many organisations coming together including: CBI, EEF (North), FSB, North East Automotive Alliance and the County Durham Manufacturing and Engineering Network. It was added that the FSB was an excellent example of how a small fee in terms of membership could equate to a substantial level of excellent support offering value to businesses.

The Chairman thanked the Business Growth Director, NELEP and asked the Regional Chairman of the FSB, Ted Salmon to speak in relation to his organisation.

The Regional Chairman, FSB explained that the North East region of the FSB covered the “geographic” north east, with over 140,000 of the 150,000 businesses within this area being classed as SMEs or micro-businesses. It was added that these businesses contributed between £29-35 billion to the regional economy annually and represented employment of around 330,000 people. It was explained that the five universities in the region help generate around 400-500 new enterprises each year. Members watched a brief video setting out the role of the FSB, and what its members could expect in terms of advice, financial expertise, support and a power voice in lobbying Government. Councillors noted that the FSB had been established over 40 years ago and was a non-profit organisation run for the benefit of its members. Members were reminded that the FSB was not affiliated with any political party and lobbied both in Westminster and Brussels and to highlight the issues affecting small businesses. It was added that in the North East there were four branches, with over 3,500 members, including 800 in manufacturing, and around 1,500 from business in rural areas.

The Committee learned greater detail of what the FSB could offer in terms of advice and support, namely: tax investigation protection; legal protection scheme; employment protection; health and safety advice; online legal documents; financial health check; care; insurance; energy. It was added that in terms of finance, there was a number of elements where FSB members could be assisted in relation to: workplace pensions; business banking; card payment processing; card payment terminals; fuel cards; and independent financial services. The Regional Chairman, FSB added that support offered by the FSB included advice and help with: business continuity / free planning service; business leads, print and mail, telecoms; vehicle services, lobbying and networking.

Members noted a second video highlighting support offered to FSB members and the positive outcomes achieved by lobbying Government.

The Chairman thanked the Regional Chairman, FSB and asked Members for any questions.

Councillor J Armstrong noted issues such as the NECA and the upcoming EU Referendum and asked what surety there was in continued access to EU funding and added he felt that people would look more and more to the NELEP in terms of support. The Regional Chairman, FSB noted that the FSB had no corporate view in terms of the EU Referendum, however added that there was a need for true information on what the EU means, what it meant in terms of the North East, and whether a potential exit from the EU would mean there would be more or less for the North East. Councillor H Nicholson noted the levels of export to the EU from our region and agreed that there needed to be correct, factual information made available.

The Managing Director, BD thanked the Regional Chairman, FSB and concluded by noting the websites of the North East Growth hub, Business Durham and the Government's www.gov.uk as well as the many other organisations helping to support businesses in the County such as: EAs; Membership Bodies; Networking Groups; Business Park Communities; Business Neighbours; and Universities.

The Chairman thanked all the speakers for their attendance and the useful information they provided for Members.

Resolved:

That the Economy and Enterprise Overview and Scrutiny Committee note the information provided in the report and presentation detailing the support currently provided to SMEs in the County.

This page is intentionally left blank

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 28 June 2016 at 9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Armstrong, A Batey, J Clare, M Davinson, D Hall, B Kellett, J Maitland, H Nicholson, R Ormerod, A Patterson, P Stradling, O Temple and A Willis

Co-opted Members:

Mr T Batson and Mr I McLaren

1 Apologies for Absence

Apologies for absence were received from Councillors T Henderson and C Kay.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meeting held 29 March 2016 were agreed as a correct record and were signed by the Chairman.

Councillor O Temple noted he had asked for further information in respect of expenditure in terms of future accommodation, the Overview and Scrutiny Officer, Diane Close noted information had been circulated by e-mail and would forward details accordingly.

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 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: an ageing workforce, particularly in the manufacturing industry and the need to promote engineering, technology and manufacturing within schools and colleges as a career choice, mirroring the work of the Committee's Skills Development Working Group; work progressing at Hitachi Rail Europe, with new trains being tested on North East train lines for the first time; ReViral, a company based at NetPark will create additional jobs, with research into drugs combating respiratory disease; a spring campaign by Visit County Durham promoting local heritage, with colleagues from VCD in attendance at Committee today; and confirmation of a fifth Lumiere Festival for Durham in 2017 following the success of Lumiere 2015 attracting 200,000 people and boosting the local economy by £9.6m.

Councillor J Clare added that Hitachi Rail Europe had passed the 500 employees mark at its Newton Aycliffe facility and had won a North East of England CIPD award: HR&D Team of the Year.

Resolved:

That the presentation be noted.

7 County Durham Economic Partnership - Update

The Chairman introduced the Chairman of the County Durham Economic Partnership (CDEP), Professor Brian Tanner who was in attendance to give an update presentation as regards the work of the CDEP (for copy see file of minutes).

The Chairman, CDEP reminded Members that the five measures of success used by the CDEP were: the Employment Rate; Gross Value Added (GVA); Number of Businesses; Household Disposable Income; and Employment Deprived Index of Deprivation. The Committee learned that it was a mixed picture in terms of the figures, with the employment rate being slightly down, currently at 66.8%. It was added that the GVA had improved slightly, being at 83%, and was ahead of the regional figure and on track for the 2030 target. Members noted that the number of businesses had increased slightly to 515, however this was very slow progress towards the 2030 target of 4,300. The Chairman, CDEP noted that disposable income was static versus the region and there was also slow progress in terms of the employment deprived index of deprivation, the 2030 target being movement from 174 to 64, with the current performance being 168.

Members were referred to a graph showing the employment rate over time, comparing the UK, regional and County Durham statistics. The Chairman, CDEP explained that the rate fluctuated, and when taking into account the precision of the data, the latest slight dip in the rate could not be taken as being significant. The Committee noted that looking at the indexed GVA statistics it could be seen that the value per head was similar to that of Northumberland, less than that of Tyneside and England.

Members noted that this data did not take into account localised economic conditions or workforce profile, for example age, and was linked to the quality of jobs and issues such as education, skills and pay, all areas which the CDEP were looking to improve.

The Chairman, CDEP explained that when looking at the non-indexed figures for GVA, there was a trend showing growth, albeit slow growth, and when looking at the index GVA per filled job data, discounting long term unemployed and economically inactive, then County Durham compared more favourably, similar to Tyneside and closer to the England figure. Members were referred to a graph highlighting the trend in terms of the GVA per filled job for County Durham and noted that should the figures continue to increase on trend they would be on course for the 2020 target.

The Committee noted that the CDEP was reviewing its focus on creating more and better jobs, and continuing in its role in terms of the North East Local Enterprise Partnership (NELEP), North East Combined Authority (NECA) and North East European Structural Investment Fund (ESIF) Sub-Committee. Members were reminded of the successes in terms of DurhamWorks, with £16.7 million of funding and an aim for 2,500 jobs, and of Generation North East, in terms of £4.5 million of funding working towards apprenticeships and 2,000 jobs. The Chairman, CDEP explained there were several opportunities for further job creation, noting: expansion at NetPark with Phase 3 having an associated 1,000 jobs; new employment sites, Forest Park, 3,000 jobs and Aykley Heads, 6,000 jobs; and the catalysts for investments at Auckland Castle with the Eleven Arches/Kynren, over £30 million of investment and 200 jobs, and Finance Durham with £20 million of investment and 2,000 jobs.

The Chairman, CDEP explained that there were challenges ahead, including issues stemming from the result of the EU Referendum to leave the European Union, and the ESIF allocation of €157 million. It was added that there are issues in terms of understanding the impact, timescales involved and the next steps. Members noted that there would need to be a response to changes in Welfare Reform, with the impact on Housing Providers and to help mitigate the impact upon the most vulnerable communities. Councillors learned that other challenges included: maintaining a focus on aspirations for better jobs; continuing the successes of the Future Business Magnates (FBM) programme, ran by Business Durham (BD); building Social Value opportunities; and continued cross-partnership working.

The Chairman thanked the Chairman, CDEP, noting the impact of the EU Referendum result and the reduced value of Sterling against the Euro and the impact this may have on EU funding streams, and asked Members for their questions on the update presentation.

Councillor D Hall noted his division, Sherburn, bordered the Sunderland area and asked whether the data presented was simply for County Durham and how cross-border issues were taken into account. The Chairman, CDEP explained that the figures were for County Durham and that as the CDEP would look to raise the employment rate within County Durham, the figures represented County Durham residents.

Councillor E Adam noted that the data showed County Durham at the bottom of statistics both nationally and regionally and added it had long been heard that there would be more and better jobs, and asked where specifically those jobs would come from.

The Chairman, CDEP explained that there would be investment from outside of the County by multinational companies in new jobs, albeit in a new context post-EU Referendum and also from within the County by encouraging entrepreneurs to see the potential to create a viable business in our area. It was reiterated as regards NetPark Phase 3 and the Hitachi facility and the knock on effect in terms of the supply chain for these high quality science and manufacturing jobs. Councillor E Adam noted that from his perspective there were still a relatively small number of jobs in terms of high wage, high skilled employment, with not all the new jobs being created being at that higher level. The Chairman, CDEP disagreed noting that while not all the jobs created were at the highest possible level, they were considerable more skilled and better paid than existing zero-hour contract jobs. It was added that while the numbers may appear small in isolation, it was reiterated that there was a knock on effect in terms of supply chains and also in demonstrating the value in investing in County Durham to other potential employers. The Chairman added that the push in terms of skills development would help and that the issues were to build confidence in the County and to look at issues to help investment such as business rates.

Mr T Batson noted that he felt there was a need to not forget the basic skills, and to aim for a good level of understanding of mathematics as a foundation for developing the next generation of engineers and scientists. Councillor J Armstrong noted that County Durham was doing very well in terms of young people's academic achievement.

Resolved:

That the update presentation be noted.

8 County Durham Plan - Update

The Chairman introduced two of the Council's Senior Policy Officers, Regeneration and Economic Development (RED), Stuart Carter and David Randall who were in attendance to give an update presentation as regards the County Durham Plan (CDP) (for copy see file of minutes).

The Senior Policy Officer, S Carter explained that the CDP would set the context for the right type of development for County Durham and that at the moment without a strategic plan in place there was some difficulty in resisting some forms of development that Members may feel was inappropriate. It was highlighted that it was embedded within the CDP to improve the economy of the County. Councillors noted the CDP would: set out how much development there should be and direct where it should take place; provide a catalyst for investment and certainty to business, communities and developers; set out a consistent approach to development; support local communities and protect the environment; be the tool to resist inappropriate development; and maintain as its key priority to ensure that the economic prospects of the county were maximised.

The Committee noted a timetable in respect of the current CDP process, with Stage 1 being the Issues and Options Consultation taking place over June/July 2016. Members added that Stage 2 would be a Preferred Options Consultation, in December/January 2016/17 with Stage 3 being Pre-Submission Draft Consultation in July/August 2017 with an aim for a final submission of the CDP for approval in December 2017.

The Senior Policy Officer, S Carter noted that 2 years on from the previous CDP submission new updated evidence was available in terms of population and a significant number of development sites, mostly identified within the withdrawn plan, had been approved, around 14,500 homes. It was added that there were new opportunities coming forward, for example Bowburn Integra 61, with 2 million square feet of floor space and that the period since the initial submission had seen two years of an improving economy. It was added that the plan period would be changed to be up to 2033, reflecting 15 years following adoption of the CDP.

It was explained that there were challenges, including meeting the demands of business in terms of good infrastructure suited to a range of international, national, regional and local markets. The Senior Policy Officer, S Carter reiterated the comments made by the Chairman of the CDEP in terms of the need to attract higher paying jobs, and to retain key people and their skills in our County. Members noted other issues included low land values that made viability difficult and an aging population with a decreasing number of working age people available. Members were reminded that there were changing patterns in terms of shopping, with more online retail effecting town centres.

The Senior Policy Officer, S Carter noted that there were many opportunities and that those that could help drive a strong and competitive economy included the developments as mentioned by the Chairman of the CDEP, Forrest Park and Aykley Heads, as well as developments at Hawthorn, Durham University and the University Technical College at Newton Aycliffe. It was added that the visitor economy was important in County Durham, with examples such as the Durham Dales, Beamish and Elven Arches in addition to the castle and cathedral in Durham City.

It was added that there was an opportunity to increase the vitality of town centres, supporting businesses and keeping vacancies low. It was noted that the rural areas within County Durham should also be supported to ensure a prosperous economy. Members were aware of the need to deliver a wide range of housing, and a high quality of homes throughout the County and that sustainable transport should be promoted. It was noted other issues and opportunities included: the roll out of superfast broadband; the world class University; and conveying the quality of life, access to the Countryside and the coast as selling points for County Durham.

In terms of jobs and employment, it was reiterated that there was a focus on improving the employment rate, address labour demand and to look at the supply of business land, including: Durham City; the A1 corridor; the A19 corridor; the Consett area; the Bishop Auckland area; and other sites in the County, including in rural areas.

In terms of housing, it was explained that there were a number of options, namely: a Main Town Focus; Sustainable Communities; Sustainable Communities with Central Durham Villages; and Wider Dispersal. It was added that there was a need to ensure the right housing type in the right area, and to ensure the right number of houses.

It was explained that in terms of the first three options there would need to be a solution in terms of congestion on the A167, assessment of the impact upon the historic core in Durham City, and there would be an amount of greenbelt release required, however they offered positives in terms of accessibility of services and reduced traveling to main centres of work.

It was added that the latter option would increase the amount of travelling required in terms of jobs and accessing services, and there were issues in terms of suitability of land and deliverability, however there would be no greenbelt release.

The Senior Policy Officer, S Carter explained that the current consultation period ran until 5 August and there would be a number of activities including: staffed events at towns and to ensure geographic coverage; static displays at libraries and leisure centres; discussions at Area Action Partnership (AAP) meetings and use of AAP newsletters and social media; Member Briefing; Town and Parish Councils; County Durham Partnership events; local press and radio; the Council's website, Twitter and Facebook; use of executive summaries; and business events.

The Chairman thanked the Officer for his presentation and asked Members for their questions on the update report and presentation.

Councillor D Hall asked for further information in terms of low land values making viability difficult. The Senior Policy Officer, S Carter explained that there were issues in terms of the margins for developers, and whether banks were willing to lend for investments noting previously there had been grants available in terms of supporting the development of former brownfield sites, this is no longer the case.

Councillor R Ormerod noted that within the options for housing there was mention of a solution for the A167 and asked if this was reference to a bypass, and added that he felt Option 1, with a focus on Durham City was not appropriate as Durham City was very small and felt a wider dispersal of housing would be preferable. The Senior Policy Officer, D Randall noted that in the case of the A167, there would be modelling required and a relief road may be one of the possible solutions, with the Council's Strategic Traffic Manager being involved in looking at this and other solutions, such as the SCOOT system, currently being added to the improvements being carried out in Durham City. In terms of the housing options, the Senior Policy Officer, D Randall noted the options were not in any order of preference and that they were just a list at this point, with consultation ongoing and suggestions welcomed. The Chairman asked if suggestions would need to be evidence based. The Senior Policy Officer, D Randall explained that those evidence based suggestions were more likely to be taken forward, however, as each option and aspect could affect other issues there would be a need to evaluate the impacts accordingly.

Councillor H Nicholson noted his concerns in terms of the East and South West of the County being the most deprived areas within the County and felt that the plan should not be too focused on Durham City". Councillor H Nicholson added that he had concerns that some areas could be left behind if there was not a spread of development across the county and noted that it was very important to engage with the public all across the county. The Chairman added that it was important to ensure that there was a very strong case for sustainable communities.

Councillor A Patterson noted that the former Inspector had listened to developers and within this report there was a focus on employment and travel areas. Councillor A Patterson added that it had been noted at several meetings that the county had an aging population and the demand for bungalows was increasing and asked whether there was any control in terms of meeting this demand or was it an issue solely in the hands of the developers.

The Senior Policy Officer, S Carter explained that there had been some questions in terms of those issues and there was a need to have housing suitable for older people. It was added that this would need to be evidence based in order to convince developers and therefore the challenge would be to show the need in terms of accessibility for older people and to ensure that this would be provided in the right places, linked to the relevant services being in place to support older people. The Senior Policy Officer, D Randall added that any potential issues that came to light following the EU Referendum result would need to be addressed, although population projections should not be affected.

Councillor O Temple noted he agreed with Councillor H Nicholson and added that he felt the last iteration of the CDP was too “Durham-Centric” and added he also felt that there had been too much focus on housing rather than on job creation and economic development. Councillor O Temple also noted that the arguments in respect of the impact on greenbelt were mostly in terms of looking at Durham City, with less impact in areas in the East and South of the county.

Councillor J Maitland noted that the East of the county needed jobs and that economic development would be welcomed, however, it was added that there was the additional attraction of the beautiful and historic coastline to consider. Councillor J Maitland added that there was no decent road linking the East and West of the county and felt that some villages were being left behind.

Councillor J Clare noted that the questions posed at this stage of the consultation were not to gauge what Members thought of the CDP, rather a series of questions asking the general direction to inform a draft CDP. Councillor J Clare noted that at this point it was the quality of the questions that was important, and there was a need to demonstrate evidence as regards any need identified, for example for more bungalows. Councillor J Clare added he agreed with Councillor O Temple in terms of there being previously an imbalance between housing allocations and looking at job creation and economic development. Councillor J Clare also noted that Paragraphs 3.28 and 3.29, and Question 11 within the Issues and Options document would be an important way of feeding into the issues of employment land. Councillor J Clare noted the comments of Councillor J Maitland in respect of a route connecting the East and West of the county and asked where such comments would feed into the Issues and Options consultation, and whether the promotion of a North Darlington bypass as an aid to the economy was beyond the remit of the CDP. Councillor J Clare concluded by noting the document had been very well set out, and that he hoped that “evidence based” did not mean that the views of people on the types of communities they wanted would not be heard should there be no hard evidence, as previously stated by Councillor H Nicholson it was important to engage with people across the county.

The Senior Policy Officer, D Randall explained that Question 31 within the Issues and Options document offered the opportunity to comment on potential new roads and added that should Members feel there was not a specific question on an issue they wished to comment on they could make an additional point comment accordingly. Members were reminded of the freepost details for any responses.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the comments of the Members of the Economy and Enterprise Overview and Scrutiny Committee on the Issues and Options consultation be noted and fed into the ongoing consultation.

9 Tourism Marketing Activity Undertaken by Visit County Durham - Update on Progress of Recommendations

The Chairman introduced the Managing Director, Visit County Durham (VCD), Michelle Gorman and the Marketing and Information Manager, VCD, Sarah Johnson who were in attendance to give an update presentation as regards progress of recommendations from the Committee's Review on the Tourism Marketing Activity Undertaken by VCD (for copy see file of minutes).

The Marketing and Information Manager referred Members to the recommendations from the review as set out in Appendix 2 to the report. Councillors recalled Recommendation 1: "In relation to the partnership approach to marketing, VCD seeks to extend its work with partner destinations and the Durham Strategic Marketing Partnership (DSMP) using major events to attract out of region visitors to raise the profile of the county as a visitor destination". The Marketing and Information Manager reminded Members of the role of VCD in terms of the Northern Tourism Growth Fund, with target markets including the United States, China, Australia, New Zealand, Germany and the Netherlands. It was explained that the programme had ended in March 2016 and VCD was discussing with DSMPs and other destinations as regards continuing to market County Durham overseas. Members noted that there would be the use of destination events as hooks to try to encourage visitors to stay longer, and use the "This is Durham" branding and logos for a consistent message. Members noted the new events such as Kynren at Bishop Auckland and Open Treasure at Durham Cathedral, both of which had dedicated marketing plans and VCD staff had been working closely with Eleven Arches and Durham Cathedral for several months.

The Committee learned that there were positives in terms of Recommendation 2: "That VCD continues to develop and redesign the "thisisdurham.com" website and ensure that it remains responsive to the increasing and changing information demands resulting in developments in social media applications". It was explained that the thisisdurham.com site was converting around 66% of web traffic from a possible visit to a definite visit, and that in 2015/16 there were 904,498 unique visitors to the site, exceeding target. The Marketing and Information Manager noted that the website was currently being redesigned to ensure all the latest functionalities were in place, including additional social media integration.

Members noted that VCD was ranked number 1 in the North East in the English Tourism Social Media index, an annual league table which grades tourism bodies in England, and number 6 out of 129 nationally.

Councillors were asked to recall Recommendation 3: “That VCD continues to research and identify national marketing campaign opportunities which benefit partners within the DSMP and promote County Durham as a tourism destination”. It was explained that while the VisitEngland was no longer running domestic campaigns that destinations could participate in, VCD had continued to identify national marketing opportunities.

The Marketing and Information Manager added that, as mentioned at previous meetings of the Committee and Working Group, the latest theme being used was “heritage” and was in partnership with Eleven Arches, Durham Cathedral, Durham University and the Culture and Sport section at Durham County Council (DCC), and a 8 page supplement had been included in the Times newspaper on 7 May 2016, encourage visits and short breaks. Members noted in addition a campaign regarding “outdoors” from Autumn 2016, with media activity including an online film with Ben Fogle, as part of the Great British Adventure series.

Councillors recalled that Recommendation 4 was that: “VCD ensures that robust performance targets and monitoring procedures for all online and offline marketing activity are in place” and it was noted that target were set and monitored, included in the performance reporting to Committee.

It was explained Recommendation 5 had set out: “That the performance evaluation of the effectiveness of marketing activity undertaken in relation to the national marketing campaign is promoted and reported to the County Council as part of its performance management process”. Members noted the usual quarterly reporting against RED Performance Indicators.

The Marketing and Information Manager reminded Members that Recommendation 6 had stated: “That VCD maximises all identified future marketing opportunities for 2015/16 including: the use of major events and developments at attractions in County Durham; the Northern Futures Fund, a new source of funding which promotes northern destinations to overseas markets; and championing as a future priority with the NECA the importance of the tourism related economy”. In this regard, the Marketing and Information Manager noted the Northern Futures Fund, now the Northern Tourism Growth Fund (NTGF) and all the major events were being utilised in promotion of the County. Members noted the success of the relaunched Virtual Lumiere App and the inclusion of developments at Killhope and Beamish Museums as part of the marketing work. Councillors learned that in terms of the NTGF, VCD was heavily involved in the development of the programme with its role including: taking part in all appropriate activities; encouraging as many Durham businesses to take part as possible; and ensuring Durham was profiled in remaining appropriate activities. The Marketing and Information Manager concluded by noting that VCD worked, as part of the Northern Tourism Alliance (NTA), to highlight the importance of the visitor economy in Durham and wider region with the NECA and the NELEP.

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

Councillor D Hall referred to the previous item in respect of the CDP and asked how VCD fed into that process. The Managing Director explained that the Durham Tourism Management Plan was the strategy document used by VCD and it was through this that issues and development opportunities would be set out.

Councillor E Adam asked if overseas marketing campaigns had ended in March 2016 and was there any evidence of an impact of the success of the campaigns.

The Marketing and Information Manager explained that the evaluation was being carried out by VisitEngland and VisitBritain and that the information would come through in 2017 as regards the impact, though there was some specific campaign information available.

Councillor E Adam noted the performance in terms of the number of jobs supported by the tourism industry had reduced, and the Chairman noted information as regards this was included within the next item on the agenda.

Councillor M Davinson asked what the definition of unique visitor in terms of the thisisdurham.com website was, with the Marketing and Information Manager explaining it meant a unique IP address of a visitors. Councillor M Davinson noted the supplement within the Times newspaper had included a map with several attractions within the County highlighted, however not mentioned within the articles. The Marketing and Information Manager explained that as the current campaign was focused on “heritage” this was the main element being promoted via the supplement and the focus would move to “outdoors” in terms of the campaign from Autumn 2016.

The Chairman noted that the target for web traffic had been set lower than previously and asked why this was the case. The Marketing and Information Manager noted this was in response to the process of changing over to the new thisisdurham.com site, to take into account any impact. Members noted that the target once the new site was in place would be for 1 million unique visitors.

Councillor R Ormerod noted that there were 2 historic counties in our area, County Durham and North Ridding, and asked if there was any connection in terms of VCD’s work. The Marketing and Information Manager noted the historic connections, however, VCD was charged with developing a strong unique brand for County Durham. It was noted that going forward there would be increased cross-border collaborations with neighbouring destinations.

Resolved:

- (i) That the progress report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update report detailing progress made in relation to the recommendations contained within the Scrutiny Review Report at a future meeting.

10 Quarter 4, 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 4, 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 and added that there had been a change in the reporting of direction of travel, now with a 2% tolerance similar to Performance Indicators.

Councillors noted that some of the key achievements in Quarter 4, representing January to March 2016, included: a significant improvement in planning applications determined within deadline, albeit there was a slight decrease in the number of planning applications; the number of empty properties being brought back into use was slightly less than the previous year, however still better than target; the number of affordable homes completed was above target, although changing legislation reducing grant levels was likely to affect this in the future; that the occupancy of Business Durham premises had continued to rise and was at 87.5% against a target of 79%; and that the overall success rate of adult learning, funded through the Skills Funding Agency (SFA), was 93.2% for the 2014/15 academic year, better than the target of 88%, the previous year performance of 87% and national and region rates of 87% and 83.6% respectively.

Members noted information relating to Tracker Indicators including: an increase in the number of net homes completed, with an annual figure of 1,343 in comparison to 1,083 the previous year; the number of clients accessing the Housing Solutions Service had steadily increased from 2,042 in Quarter 1 to 4,866 in Quarter 4 with an increase in the number homelessness preventions with an annual total of 1,298 preventions, and a decrease in the number of statutory homelessness completions; the number of registered businesses had increased slightly; the number of businesses engaged with by BD had increased slightly, with BD supporting the 3 established business networks in the county; and the occupancy rates in retail units within town centres had improved in 8 of the 12 town centres and were set out within the report. It was added that the figures in relation to those Not in Employment, Education or Training (NEET) had not changed significantly, however the figure of 5.9% was much improved compared to figures of around 10% in previous years. Members noted the progress in terms of the Council Plan Action associated with the Youth Employment Initiative (YEI), DurhamWorks, and with the business park site at Newton Aycliffe, Forrest Park.

It was added that the key performance issue for the theme were: 9 apprenticeship starts through DCC schemes in comparison to a target of 50 in the period October to December 2015, noting funding had been exhausted, however, additional funding had been identified for 2016/17 and it was hoped the number of apprenticeships would increase next year; in Quarter 4, 231 jobs were created through work with existing businesses, below a target of 600 with Members noting the target would be revised; and 191 private sector properties being brought back into use through Local Authority intervention, giving an annual total of 544, below the target of 599 though above the figure of 476 in the previous year.

Members noted the Tracker Indicators set out within the report included information in terms of the employment rate, as mentioned in a previous item; a continued decrease in the number of Job Seekers Allowance (JSA) claimants aged 18-24; and a slight decrease in those accessing JSA for one year or more. Councillors learned that there was an improvement in the number of working age people who were out of work that wanted a job in comparison to the previous year; however, figures were below the North East and national averages.

Councillors noted Council Plan actions that had not achieved target included: adoption of the CDP, timescales as set out in the previous agenda item relating to this issue; planning consent for a Western Relief Road, linked to the CDP; a delay in respect of a Heritage Lottery Fund (HLF) bid in connection with the historic quay at Seaham from April 2016 to September 2016; development of the Millburngate House being delayed from March 2016 to September 2016; delivery of a new car park at Bishop Auckland to support residents and an increase in tourists had been delayed from December 2016 to March 2017, to allow further survey work prior to a planning application being submitted.

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

Councillor D Hall asked whether issues in connection to mineral rights had been resolved in terms of the Forrest Park development and whether there was any movement in terms of the former baths site in Durham City. The Performance and Planning Manager noted that the general issue of mineral rights was an issue nationally, and was not aware of any issue outstanding as regards the Forrest Park development. In respect of the baths site, the Performance and Planning Manager noted the Council owned the site and a car park, with ongoing work with Durham University who own a strip of land adjacent to the site.

Councillor R Ormerod noted that in terms of the information provided as regards town centre retail units, it would be useful for Members to receive number of units, not just percentage occupancy. The Performance and Planning Manager noted this was possible, together with information in terms of the use class of the units.

The Chairman noted that this was the last Committee that the Performance and Planning Manager would attend before moving to new employment and Members of the Committee thanked him for his excellent service to both the Authority and the Committee and wished him well for the future.

Resolved:

That the report be noted.

11 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 reminded Members that the Committee considered a report at the last meeting outlining a draft Work Programme for the Committee. The report had provided detail of the activity undertaken by Members in 2015/16, highlighted areas to be brought forward for inclusion in the 2016/17 Work Programme and additional areas identified under the 'Altogether Wealthier' priority theme of the Council Plan. The proposed Work Programme for the Committee for 2016/17 was attached at Appendix 2 for approval by the Committee.

It was added that a Special Meeting of the Committee was scheduled for 28 July to look at Housing issues: the new County Durham Housing Group; Durham Key Options; and Chapter Homes. Members also noted Special Meetings would be arranged for September and December to look at the draft report of the Skills Development Working Group and next stage in terms of the CDP, LTP 3, Poverty Action Plan and Business Durham respectively. It was explained that new areas for updates would include the Private Landlord Accreditation Scheme and Home Loan Scheme and housing and health initiatives undertaken with social housing providers.

The Chairman noted that the report set out a comprehensive work programme for the Committee and reminded Members of the need to retain flexibility in respect of any emerging issues, and the context of upcoming Council election in 2017. The Chairman added that he felt the most important issues as he saw it were: European Structural Investment Funds (ESIF), the NECA and the devolution agenda; and the CDP.

Councillor J Armstrong noted that there were a number of review updates that could be signed off, allowing the Committee the time to look at emerging issues. Councillor M Davinson noted that if reports were presented in a streamlined fashion, similar to how the Performance and Planning Manager presented the performance information, this would be useful for the Committee.

Councillor J Clare noted that he felt the EU Referendum decision would have massive impact upon the Council and the County and felt that a report on the impact should be received by the Committee. Councillor J Clare added that he felt that Welfare Reform was another major issue that would affect residents in the County and noted it may be relevant to have a working group looking at the impact of the EU Referendum result with a Members' Seminar to help Councillors understand the main issues.

The Chairman noted that in terms of impact, there would be a YEI update at the September meeting of the Committee and added that in respect of current understanding of the impact of leaving the EU there may not yet be the quality of information required, however, once more was known Members should be informed accordingly.

Councillor H Nicholson noted, as he understood, any committed EU funding would be honoured, however, anything subsequent to the Government invoking Article 50 of the Lisbon Treaty may be affected. Councillor A Batey noted some funds were time-bound and if specific criteria associated with the funds were not met there could be issues in terms of potential clawback. Councillor J Armstrong added he had spoken to the Leader of the Council, Councillor S Henig in respect of the EU Referendum, and associated issues such as the NECA and NELEP. Councillor J Clare added there were not just issues in terms of EU Funding, rather other potential impacts and risks to businesses and the Authority.

The Chairman noted wider issues such as credit ratings and business confidence that could be affected. Mr T Batson noted that the Chancellor of the Exchequer had stated that the issue was being looked at by Civil Servants. The Chairman noted the issue was an ongoing one and that Members would maintain a watching brief.

Resolved:

That the Committee agree the Work Programme as set out at Appendix 2 to the report.

12 Minutes of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 19 April 2016 were received by the Committee for information.

DURHAM COUNTY COUNCIL

SPECIAL ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Special Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 1A/1B, County Hall, Durham** on **Thursday 28 July 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, M Davinson, D Hall, T Henderson, J Maitland, P Stradling, O Temple and A Willis

Co-opted Members:

Mr T Batson

1 Apologies for Absence

Apologies for absence were received from Councillors J Bell, J Clare, J Cordon, R Crute, B Kellett, A Patterson and Mr I McLaren.

2 Substitute Members

No notification of Substitute Members had been received.

3 Declarations of Interest

Councillor J Maitland declared an interest in Item 5 as a Board Member of East Durham Homes.

4 Items from Co-opted Members or Interested Parties

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

5 Performance Reporting - County Durham Housing Group

The Chairman introduced the Chief Executive of the County Durham Housing Group (CDHG), Bill Fullen who was in attendance to give an update presentation as regards the CDHG (for copy see file of minutes).

The Chief Executive, CDHG reminded Members of the background to the CDHG, with transfer of around 18,500 properties to the CDHG from the Council on 13 April 2015. It was added that £150 million of finance had been secured from Barclays Bank and M&G Investments with good long-term fixed interest rates, giving a stable financial position. It was explained that the homes transferred were already at a standard higher than the national Decent Homes Standard (DHS), and the CDHG transfer was the first post-DHS transfer.

The Chief Executive, CDHG explained that subsequent to the General Election, the new Government imposed a 1% rent cut for four years and this had an impact of a £21 million loss in terms of cash over those four years, impacting upon the non-allocated resource of £70 million. It was added that other issues that impacted upon the CDHG included voluntary Right to Buy (VRTB), which CDHG had signed up to, and issues in terms of regulation.

It was noted these included an in-depth assessment by the Homes and Communities Agency (HCA), with ratings of G2 for governance and V2 for viability, though noting comments in terms of the complexity of the group with a need to simplify. The Chief Executive, CDHG added that another issue was that an Office for National Statistics (ONS) reclassification had meant that housing associations that had public stock transferred to them were within the public sector, however, it had been clarified that new planning legislation would in turn declassify those housing associations, moving them back out of the public sector. Councillors noted that further Welfare Reforms including Local Housing Allowance, and the roll out of Universal Credit reducing the housing allowance available could cause tenants to look to the private sector for cheaper accommodation and would therefore impact and inform future service delivery.

The Committee were reminded of the transfer Offer Document that had been developed in consultation with key stakeholders and set out the promises to tenants in relation to: extra investment in existing homes; better quality neighbourhoods; new jobs and apprenticeship; more varied services; and new homes. It was noted that there were quarterly meetings with the Council's Head of Economic Development and Housing, Sarah Robson to monitor progress in this regard and that of the 80 promises set out in the Offer Document, currently 68% were being provided in full, 27% were partially provided or in progress, with 5% yet to commence.

The Chief Executive, CDHG added that in terms of investment in the stock, this had been made upon the basis of the Stock Condition Survey that had been undertaken, and the investment was carried out in order to maintain progress with the "Durham Homes Standard", a standard beyond the Government's DHS, and to make improvements in areas such as bathrooms and kitchens. Members noted £20 million of investment in 2015/16 with over: 750 kitchens; 720 bathrooms; 650 rewires; 700 new boilers; 700 new roofs; over £1.5 million on disabled adaptations. It was added that this level of investment would be continued to ensure the standard of the stock was maintained.

Councillors noted that in connection with repairs and maintenance, late evening and weekend appointments were currently provided by East Durham Homes (EDH) and Durham City Homes (DCH) and that during 2015/16: 99.9% of emergency repairs were completed within 24 hours and 99.8% of responsive repairs appointments were made and kept.

It was explained that the Handyperson service was now available across all three landlords and Dale and Valley Homes (DVH) and DCH had reduced their external painting programme from a 7 year cycle to a 5 year cycle, with EDH terms to be looked at when the service goes back out to tender in 2019.

Members noted that in terms of better quality neighbourhoods, a Neighbourhood Quality Standard (NQS) had been approved in March 2016, and set out what tenants could expect, and also what was expected from tenants. It was noted there was a Service Level Agreement (SLA) in place with the Council's Grounds Maintenance Service and the level of service had been very good. Councillors noted the community investment schemes in place across all three providers, with the DCH "Grab a Grant" scheme launched in October 2015 having supported over 41 initiatives and invested over £16,000 over 2015/16. It was added that the impact of these funds had been far greater than the cost providing training for volunteers to help give each community what it needs. Members noted the DCH Neighbourhood Pride Initiative, which included the planting of trees, flowers and the installation of heritage interpretation boards across 14 sites and during 2014/15 there had been an investment of £9.8 million through the neighbourhood investment programme.

The Chief Executive, CDHG noted that in terms of new jobs and apprenticeships, there had been: 33 tenants helped into employment; 6 into apprenticeships; 1 into self-employment; with 63 tenants attending employability workshops. Members noted that the CDHG had also created 27 new jobs, 13 apprenticeships and 11 work placements. It was added that additional support for tenants included Welfare Benefits Officers and Energy Advisors which had estimated to have secured £2 million of payments for tenants this last year.

Members noted that it was an aspiration for the CDHG to build 700 homes, and the CDHG Board had approved the development of 32 new homes via Section 106 requirements, sites including Bracks Farm, Bishop Auckland, 7 properties and Ushaw Moor, 25 properties. It was noted there was some headroom in terms of purchasing further Section 106 properties and funding approval was pending for a further 150 new homes. The Chief Executive, CDHG added that while progress was slow, the important message to the public was that CDHG was looking at new homes. It was explained that other services being looked at by the CDHG included: Digital Inclusion, helping tenants become ready for issues such as Universal Credit which would be accessed online as the default channel; working together within the group to share ideas; and the hosting of a range of training courses, at the DVH Mickle Grove facility, that had been accessed by 170 tenants.

The Chief Executive, CDHG explained that in terms of the future for CDHG, there would be changes once all repairs services were retendered after current contracts end, with emergency repairs for severe problems such as total loss of power, heating or a water leak to be attended within 2 hours and made safe within 12 hours, and for urgent repairs to be within 3 days. Members noted that in terms of better quality neighbourhoods, £410,000 had been allocated for 2016/17 to prioritise community investment, with the development of a resource centre for customer involvement for DCH, in line with DVH and EDH.

It was noted that the support and services required for older people would be assessed; looking at what specifically was needed. In terms of new jobs and apprenticeships, it was added that there would be a targeted work placement programme with estate management and extension of the Junior Wardens scheme.

The Chief Executive, CDHG added that there would be provision of more varied services, with: accredited money and debt advice service; mediation service; improvements in dealing with anti-social behaviour; and a group-wide Occupational Health service. Members noted that in respect of new homes, there was a HCA funding application for up to 200 new homes for the period 2017-2021.

The Chief Executive, CDHG concluded by noting that one year in, the CDHG had made a good start, was ahead in terms of new build, and despite the 1% rent cut was still delivering the offer, noting it was a 7 year promise.

The Chairman thanked the Chief Executive, CDHG and asked Members for their questions on the update report and presentation.

Councillor E Adam noted the many positives as set out in the presentation, including those in terms of investing in kitchens and bathrooms, however, asked whether there was also investment in terms of helping tenants with their energy costs, looking at physical solutions such as solar panels and providing support such as debt advice. The Chief Executive, CDHG noted that there were 6 Energy Advisors at the CDHG, and they could provide information to tenants on the issues stated. It was added that as part of the offer a “reasonable degree of insulation” was set out and the Standard Assessment Procedure (SAP) energy efficiency rating of a property would be looked at and properties to be improved would be identified. The Chief Executive, CDHG explained that a small number of the Group’s properties did have solar panels, however changes by Government in terms of the feed-in tariff meant that it was no longer a good deal for installation companies, however other energy efficiency solutions would be looked at, such as condensing boilers and insulation.

Councillor D Hall noted that there may be EU Funding available, albeit perhaps for a limited time, in terms of other energy efficiency measures, such as energy storage in conjunction with solar panels, and other renewable sources of energy. Councillor D Hall asked as regards VTRB and whether this would mean there could be a rental income decrease and were other models being looked at, such as leasehold sale. Councillor D Hall also asked as regards community led development. The Chief Executive, CDHG noted he was not aware on any funds in terms of community led development and that there were Government schemes in terms of helping people to buy. It was explained that there were models such as the rent-to-buy, looking at 2-5 years renting, with then the option to purchase after that and that generally the models would be looking at people in work and targeted towards the non-Durham Key Options (DKO) properties. The Chief Executive, CDHG noted that Government rules meant that there needed to be a mix of tenure and not all properties would be social housing and it was added that a number of the products available would not be appropriate for the North East of England.

Resolved:

- (i) That the Economy and Enterprise Overview and Scrutiny Committee note the progress of the County Durham Housing Group since transfer.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee schedule into the Committee’s future Work Programme consideration of the County Durham Housing Group’s annual report together with an update on performance in October every year.

6 Durham Key Options - Revised Policy - Overview

The Chairman introduced the Housing Manager, Regeneration and Economic Development, Marie Smith who was in attendance to give an update presentation as regards consultation on changes to the DKO Policy (for copy see file of minutes).

The Housing Manager reminded Members of the DKO choice based lettings policy for County Durham and that all social housing partners let 100% of their properties via DKO, and a number of private landlords also let via DKO, having been through the Private Landlord Accreditation Scheme. It was added that the DKO Board noted that there was a need to re-brand and look at marketing properties based upon demand. It was added that there was ongoing consultation in terms of a revised policy, with the last review having been carried out in 2013. Members noted that the results of the consultation would be reported back to the Committee in September.

The Committee noted the reasons for the review were to look at customer needs; the impact of under-occupancy; and the impacts of current and upcoming Welfare Reform changes. It was added that the private sector had improved since the last review of the policy, with many private landlords being able to offer tenants the keys to a property the same day and therefore there was a need to be able to meet the changing needs of customers. The Housing Manager noted that the number of 2 bedroom properties remaining empty was increasing and the demand in terms of moving property was declining, and while there were some options in terms of Discretionary Housing Payments (DHP), there had been an impact upon demand and the upcoming cap on local housing allowance would likely have a further impact.

Councillors noted the main headline statistics for DKO, namely:

- 12,570 applications registered in 2015/16;
- 1000 to 1100 per month;
- Slight decrease in people coming into the scheme;
- Household income below £15,000 (80%);
- Most popular age group registering is 16 to 34;
- Main reason for registering is medical / welfare;
- Let 4,622 properties in 2015/16.

The Housing Manager noted that the main changes proposed to the policy would be to change the current Bands A to E to Bands 1 to 4, in conjunction with a new medical framework and reassessment, with the comparison between the two being set out within the presentation and at Appendix 4 to the report. Members noted that the main change was to Band 1 being urgent and high medical need, and a slight increase to Band 2.

Members noted other proposals included removal of the quota system, also known as the "Manchester model", which had been introduced when demand was high, to help provide great opportunity for those with a lower housing need, and with allocations to be made through Bands 1 to 4 and by date order within those. Councillors were informed that it was proposed to change the current advertising cycle, to operate on a daily basis, albeit with an additional proposal in terms of transferring tenants having to have been in a property for at least one year.

It was added that it was also proposed to make changes in relation to rent arrears; currently DKO uses a guideline of 8 weeks rent/mortgage arrears for disqualification from DKO. It was proposed to lower the guideline for disqualification to nil (£0) rent arrears. This however would not mean a zero tolerance approach as all applications would be assessed on their own merit and applicants would be allowed to qualify even with arrears, if they can display good reasons for accruing arrears.

The Housing Manager explained that there would be changes in terms of an affordability assessment, with access to larger homes being based on affordability ensuring that people could afford larger homes and issues such as shared tenancies would be looked at. Members noted the timescales in respect of the consultation, ongoing until 12 August, with consultation with the relevant Boards and Committees. Councillors noted there would be a report to Cabinet in October, with an aim to have the revised policy implemented from November 2016.

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

Councillor D Hall noted he felt that there was potential for a rent crisis in the near future and asked if, given the current economic situation, anyone would pass an affordability test. The Housing Manager noted that while some tenants and potential tenants, post-2018 may not pass an affordability test, there was always the possibility of an individual getting a job at any point and becoming eligible. It was added that there would be some access to DHP, however, there would need to be work undertaken by the Council in terms of looking at other models, such as shared tenancies, and to work with providers. Councillor D Hall noted his concern was in terms of what options would be left available to those people who did not pass an affordability test, especially in respect of the potential for those people to fall prey to unscrupulous landlords. The Housing Manager explained that this was an issue being looked at as part of the consultation.

Councillor J Maitland asked if the proposed 1 year limit in terms of transferring property would apply to tenants who would look to have a mutual exchange. The Housing Manager noted a mutual exchange would still be possible, and also should a tenant's housing need change then they would be eligible for transfer accordingly.

Mr T Batson noted the proposed changes seemed sensible and pragmatic, and asked what was referenced in Appendix 4 of the report where it stated "regeneration". The Housing Manager explained that this was to show where properties were being demolished in terms of regeneration projects; those tenants were given the higher priority in terms of allocation of a new property.

Councillor J Armstrong noted the timescales in terms of the consultation, as set out at Appendix 5 to the report, and asked whether the draft policy was being presented back at the Boards for Derwentside Homes, Livin and North Star for example, in addition to the CDHG Boards. The Housing Manager noted that there would be a meeting on 19 August to look at the feedback from all providers, and that issues would be discussed and that, should there be some differences of opinion, then those issues would need to be voted upon by the Board to go forward into the draft policy.

The Strategic Manager for Housing, Lynn Hall added that while it was hoped for consensus on issues, there would be a result and a revised policy brought forward.

Councillor P Stradling asked as regards the statistic of 80% of tenants being in favour of an affordability test, with the Housing Manager noting both Durham City Homes and Derwentside Homes tenants had been around 80% in favour of an affordability test, however, she did not have information to hand in terms of East Durham Homes tenants.

Councillor O Temple noted the issue of rent arrears, and highlighted that many tenants could be in “technical arrears”, for example if they pay rent weekly and are paid wages monthly, and therefore could there be scope in terms of the rent arrears limit being reduced from 8 weeks to possibly 2/3 weeks, allowing some discretion for those who were not actually in arrears, simply out of sync with their payments. The Housing Manager noted that this was an issue that had been highlighted within the consultation and this would be looked at once all comments had been received to see what position to take in this regard.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the comments made by the Economy and Enterprise Overview and Scrutiny Committee be fed into the ongoing consultation.
- (iii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further report on the results of the consultation and detail of the draft policy at the meeting scheduled for 26 September 2016.

7 Chapter Homes - Overview

The Chairman introduced the Development Manager, Regeneration and Economic Development and Chief Executive of Chapter Homes, Peter Coe who was in attendance to give a presentation as regards Chapter Homes (for copy see file of minutes).

The Development Manager reminded Members as regards the background to the development of Chapter Homes with Cabinet, in December 2013, having agreed to explore the formation of a new company dedicated to the development and management of housing for market rent and sale. It was added a subsequent report in terms of the procurement process had been received by Cabinet in November 2014. Members recalled that delegated authority was granted to the Corporate Director of Regeneration and Economic Development and Corporate Director: Resources, in consultation with the relevant Portfolio Holders in terms of proceeding to the stage of appointing a building contractor. Members noted that Chapter Homes represented an opportunity to provide quality products and good service while also offering good value for money in terms of Council assets.

Members noted that the in January 2014, technical agents were engaged and structures put in place, and that in January 2016 contractors, Gentoo Construction, entered into a Pre-Commencement Services Agreement and now were on site at the pilot site, Agnew 5.

It was explained that the developments sites had been identified as being in areas with demand and also ready for immediate development, being: Agnew 5, Woodham Drive, Newton Aycliffe; Cobblers Hall Site N, Newton Aycliffe; Former Civic Centre site, Chester-le-Street; and Oakerside Drive, Peterlee.

The Development Manager added that following a branding exercise, the name of Chapter Homes had been decided upon, making reference to the links to Durham City and the Cathedral, with a selection of the branded materials set out in the Durham Room for Members to view after the meeting.

Members learned that the first properties at the Agnew 5 site were now out of the ground and over the next few weeks a marketing suite would be prepared. It was explained that there was a mix of property types, with 3 and 4 bedrooms, noting there had been no demand for 2 bedroom properties.

It was added that Officers had looked at products to help people enter the housing market, and had looked at issues including affordable housing. Councillors noted the new company was a Limited Company, wholly owned by the County Council and there were Service Level Agreements (SLAs) in place to ensure transparency. It was explained that in terms of affordable housing, Chapter Homes would look to transfer any required affordable rent properties to a Registered Provider (RP), and those properties identified for discount market sale would be sold directly on the open market. The Development Manager explained that the business plan took into account issues in terms of “state aid” and the viability was based upon an average of 2 sales per month for the Agnew 5 site, to be known as “Eden Field”. Members noted that the Chapter Homes Board consisted of Members and Officers from Durham County Council, however they worked separately in operational terms.

The Development Manager explained that the Eden Field development was on track, with over 100 queries via Rightmove, translating to 10% of those expressing an interest. It was added that there was “help-to-buy” and also the Chapter Homes Assisted Move, offering incentives. Members noted the development would be in two phases and that one property had already sold off-plan, with the purchaser having paid a deposit and been involved in final design choices.

In terms of the Chester-le-Street site, it was explained that masterplanning and site design were being undertaken, with planning permission being sought in October 2016 and soft market testing having been carried out to determine demand. The Development Manager explained that Chapter Homes aimed to deliver around 30% of properties for private rent and had a SLA in place with the Council’s Housing Solutions Service in terms of letting the properties. It was explained that there had been 13 expressions of interest. It was added that properties would be for rental between £550 and £650 per month and that rent-to-buy could be looked at should there be a demand.

The Committee noted that statistics showed that around 50% of those expressing an interest did not have a property to sell and the majority were local people, interest being driven by word of mouth. It was added that marketing activities would be via the internet, Rightmove and social media, including Twitter. The Development Manager noted that there would be open days at the Eden Field on 20 and 21 August, between 10.00am and 4.00pm, with the Sales Office being open from 15 August onwards.

Members noted that there had also been: a schools competition in terms of the hording around the site; a Section 106 agreement as regards a play area; apprenticeships via Gentoo; Health and Safety awareness via the local College; and Gentoo helping the local Community Centre in terms of an extension and other works. The Development Manager noted there had been two minor complaints, one resident in terms of work traffic, dust and another in terms of traffic management issues, however no major issues.

The Chairman thanked the Development Manager and asked Members for their questions on the update report.

Councillor J Armstrong asked as regards the marketing of the properties and highlighting how environmentally friendly the new properties were. The Development Manager explained the properties were competitive in terms of their green credentials, however, as the properties were being marketed as affordable, then the properties were as green as possible at that price. It was added that if a person was interested in adding more to a property, for example photovoltaic cells on a roof, then this could be accommodated as could a higher internal specification with customer choice being pushed as a part of the offer.

Councillor J Maitland noted there would be nearly 300 properties across 4 sites and asked whether they all would be 3-4 bedroom properties, or would there be provision of bungalows for example. The Development Manager explained in terms of the Eden Field site there had been no demand for bungalows, with no requests being made, although the original designs did include some bungalows. It was added that if when looking at demand for the Chester-le-Street site there was interest in bungalows, and it would be viable, then this would be taken into account.

Councillor M Davinson asked how the balance was achieved between regeneration of an area and profit. The Development Manager noted that Chapter Homes was already looking at the more marginal areas, though making sure schemes would be viable financially, and it was added that the developments would look to cross-subsidise other sites.

Mr T Batson welcomed the development of new housing and asked as regards new houses for more rural areas. The Development Manager explained that the 4 sites had been chosen from Council owned land surplus to requirements, and currently there were no sites in rural areas earmarked. It was added that if a site was identified as viable then it could be looked at accordingly.

Councillor D Hall asked if there were any further potential sites identified and how issues of quality would be addressed, for example good room sizes, low levels of snagging and so on. The Development Manager noted that the process in terms of developer had been via competitive tender and Gentoo were aware of the quality required and the contact was performance related. It was added that there was the ability for Chapter Homes to review arrangements for subsequent phases of development should there be an issue with quality identified. The Development Manager noted that there were no further sites at this time and that certainty in terms of sales of the current sites was the priority.

Councillor E Adam asked as regards the rental properties, with 8 being for Livin and other properties being let via the Council's Housing Solutions. The Development Manager noted that the 8 properties in terms of the Section 106 Agreement would be transferred to Livin as their stock, they having submitted the strongest bid in this regard.

Members were reminded that the 30% to be "privately rented" by Chapter Homes were those marketed by Housing Solutions in line with the SLA in place. Councillor E Adam asked if there was an SLA in place with Livin in terms of those properties, with the Development Manager explaining the properties were transferred, and therefore the responsibility of Livin. Councillor E Adam noted that there was a potential issue in terms of ongoing maintenance for those properties, with that the quality of the properties would be important if associated with Chapter Homes. The Development Manager noted the comments made by Councillor E Adam in this regard.

Resolved:

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

**Economy and Enterprise
Overview and Scrutiny
Committee**



26 September 2016

**Youth Employment Initiative
(YEI) - Update on DurhamWorks
Programme**

Joint Report of Lorraine O'Donnell, Director Transformation and Partnerships and Margaret Whellans, Interim Corporate Director, Children and Young People's Services.

Purpose of the Report

1. To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the Youth Employment Initiative (YEI) for County Durham, the DurhamWorks Programme, prior to an update presentation by Linda Bailey; Strategic Lead: Progression and Learning; Children and Young People's Services.

Background

2. Members will recall that at the Economy and Enterprise Overview and Scrutiny Committee held on the 10th September, 2013 an overview presentation was provided to members on the EU Structural and Investment Funding Programme 2014-20 which included some detail in relation to YEI.
3. It was requested by members at that meeting that the committee receive a presentation on YEI at a future meeting as this was the first strand of EU funding available to be accessed. Arrangements were therefore made for an overview presentation to be provided to the committee focusing on YEI at the meeting on 22 January 2014 with further updates provided at the meetings on the 30 October, 2014 and the 29 September, 2015 on the development of the DurhamWorks Programme. In addition, members of the Skills Development Scrutiny Review Group have received further updates on the progress of the DurhamWorks Programme as part of the review project in February and March 2016.
4. As part of the refresh of the work programme for 2016/17 members requested that further updates be provided to the committee on the progress/development of the DurhamWorks Programme. Arrangements have been made for Linda Bailey; Strategic Lead: Progression and Learning to attend the meeting on the 26 September to deliver a presentation focusing on:
 - The DurhamWorks Programme Delivery Model;
 - Programme Outputs and Current Performance;
 - Examples of young people who are being supported by the DurhamWorks Programme;
 - Marketing and Communications.

DurhamWorks Programme - Youth Employment Initiative

5. The YEI was created by the European Council to tackle youth unemployment across member states. In the United Kingdom, a number of areas were identified as being eligible for funding, including County Durham.
6. The total funding available to support unemployed young people resident in County Durham is £17.04m. This consists of £6.39m YEI funding, £6.39m from the European Social Fund, and £4.26m of required match funding.
7. It was originally envisaged that the required match funding would be provided by the Department for Work and Pensions (DWP) and/or the Skills Funding Agency (SFA). However, both the DWP and SFA subsequently confirmed that they would be unable to provide match funding. Therefore, Durham County Council decided to lead a partnership bid, called the DurhamWorks Programme, out of concern that the funding could have been lost to County Durham.
8. In January 2016, approval was received for the DurhamWorks Programme. The Programme targets young people aged 16-24 who are unemployed and resident in County Durham. There are 20 Delivery Partners in total, consisting of 4 Durham County Council services and 16 external organisations. They are supplemented by specialist and targeted provision that can be procured to meet identified need. Delivery of the Programme is until July 2018.

Progress to Date

9. Delivery of the DurhamWorks Programme commenced in April 2016 and significant progress has already been made, as follows:
 - A DurhamWorks central team has been recruited and individuals are now in post;
 - Service Level Agreements are in place with 20 Delivery Partners;
 - An Employment Engagement Strategy is in place;
 - A comprehensive marketing and communications plan has been developed and is currently being implemented. This includes a DurhamWorks website and a DurhamWorks Facebook page.
 - Extensive performance management and quality assurance systems are in place, supported by a recently procured data management system (Hanlon) which is utilised by all Delivery Partners.
10. A project inception meeting has taken place with DWP (who are the Managing Authority for ESF / Youth Employment Initiative) and the feedback in relation to DurhamWorks systems and processes was very positive. The first claim has been submitted to DWP and Delivery Partners are awaiting confirmation of payment.

Programme Outputs

11. The outputs for the DurhamWorks Programme are as follows:
 - 5830 unemployed, long-term unemployed, inactive participants;
 - 3777 participants who are in education or training, gain a qualification or are in employment, including self-employment upon leaving;
 - 1982 participants in employment, including self-employment, six months after leaving.
 - 875 participants in continued education, training programmes leading to a qualification, an Apprenticeship or a Traineeship six months after leaving.
12. The number of participants engaged on the DurhamWorks Programme (as at 12th September 2016) is 1268. Of these, 56% are in the 16-18 age category and 44% are in the 19-25 category. In terms of gender, 62% are male and 38% are female. 100 participants have progressed into employment opportunities, of which 46 have progressed into DurhamWorks generated opportunities.

Programme Governance

13. Due to the strategic importance of the DurhamWorks Programme, governance is overseen by the Improving Progression Executive Group of the Children, Young People and Families Partnership and the Business Enterprise and Skills Group of the County Durham Economic Partnership. Challenge, support and control are also provided by Durham County Council's internal audit, procurement and finance services.
14. A Strategic Partnership has been established to oversee delivery of the DurhamWorks Programme, with representatives from Jobcentre Plus, the Federation of Small Businesses, the Wise Group (who are leading a Big Lottery Fund programme called Talent Match North East), Newcastle City Council (who are leading the Generation North East programme), Durham Community Action (representing the voluntary sector), Bishop Auckland College (representing the Further Education sector), and Durham County Council.
15. An Operational Group has been formed, consisting of Delivery Partners. This group meets on a monthly basis and its role is to review performance, identify mechanisms to improve delivery, and develop best practice.
16. Groups to support the ESIF (European Structural and Investment Funds) themes of Sustainability, as well as Gender Equality and Equality of Opportunity have also been established.

Voice of Young People

17. In order to ensure the views and opinions of young people who engage in the DurhamWorks Programme are used to refine delivery, a Participant Voice Group has been established. This group will identify ways to effectively access feedback from DurhamWorks participants about what is and what is not working on the Programme.

Conclusion

18. Although there was a delay to the start of the DurhamWorks Programme (as a result of DWP not approving the bid until January 2016 and the YEI Funding Agreement not being signed until March 2016), significant progress has been made to establish and begin delivery of the DurhamWorks Programme. Delivery of the Programme will help to achieve the objective of further reducing the proportion of young people aged 16-24 who are unemployed and resident in County Durham.

Recommendations

19. Members are asked to note and comment upon the information provided within the report and during the presentation.
20. That the Economy and Enterprise Overview and Scrutiny Committee continues to receive further progress reports on the delivery of the DurhamWorks Programme at a future meeting of the committee.
21. That members of the Children and Young People's Overview and Scrutiny Committee be invited to future meetings of the committee when an update on the DurhamWorks Programme is included on the agenda.

Background Papers:

Economy and Enterprise Overview and Scrutiny Report – YEI – update - 29 September 2015.

Skills Development Scrutiny Review Group meetings on 2 February and 24 March, 2016.

Contact:	Linda Bailey, Strategic Manager – Progression and Learning		
Tel:	01325 375 940	E-mail:	linda.bailey@durham.gov.uk
Author:	Stephen Crass, Policy, Planning & Partnerships Officer		
Tel:	01325 375 944	E-mail:	stephen.crass@durham.gov.uk
Author:	Diane Close, Overview and Scrutiny Officer		
Tel:	03000 268 141	E-mail:	diane.close@durham.gov.uk

Appendix 1: Implications

Finance – DWP’s claims process was delayed. The first DurhamWorks claim was made on 4th August 2016 and Delivery Partners are currently awaiting payment.

Staffing – None.

Risk – A risk register has been completed and is regularly reviewed.

Equality and Diversity – None

Accommodation - None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Discrimination Act –None

Legal Implications – None

This page is intentionally left blank

**Economy and Enterprise
Overview and Scrutiny Committee**

26 September 2016

**Durham Key Options Lettings
Policy Changes**



**Joint Report of Lorraine O'Donnell, Director of Transformation
and Partnerships and Ian Thompson, Corporate Director,
Regeneration and Economic Development**

Purpose of the Report

- 1 To update Overview and Scrutiny Committee (OSC) on the outcomes of the recent consultation on the proposed changes to the Durham Key Options Lettings Policy and to advise of the policy changes as set out in the report.

Background

- 2 Durham Key Options began in 2008, with East Durham Homes acting as a pilot to the Choice Based Lettings (CBL) scheme. CBL allows applicants who are registered for housing to bid for empty properties on a weekly basis. Dale and Valley Homes, Derwentside Homes, East Durham Homes, livin (formerly Sedgefield Borough Homes) and North Star (formerly Teesdale Housing) joined in 2009 and Cestria fully entered the scheme in 2010. All seven partners agreed to follow one combined Letting Policy and nominate 100% of their stock through DKO.
- 3 The DKO Lettings Policy was last reviewed and amended in 2013. This was in response to the Localism Act 2011 and impending changes to housing benefit.
- 4 In order to ensure appropriate letting of social housing properties in County Durham, DKO must continue to ensure that the future homes of their applicants are suitable and affordable. The client's current housing need must be balanced with their future need, both in terms of housing need and affordability. Applicants must be assisted with all their housing options and a holistic approach needs to be considered, so that residents are not placed into tenancies that may lead to arrears, other debt, and unsustainable living.
- 5 The purpose of the current review is to ensure that the needs of the customer are absolutely at the heart of the scheme, especially in light of changes in circumstances which may affect how various policies impact on customers. It is considered essential that the DKO Letting Policy reflects the changing climate in housing; the impact of welfare reform and the changing needs of clients. Overall, the aim is to offer suitable and affordable homes, with an easier application process and a more efficient bidding system; a more customer friendly scheme, with a better matching of stock to needs.

- 6 The DKO Board, which is made up of representatives of all landlords involved with DKO, has agreed an action plan for 2016-17. A review of the letting policy is included as one of the actions. Other actions include the review of access to the scheme, how DKO is marketed and the study of customer's changing needs in County Durham. The timeline for consultation and proposed changes is included at Appendix 3.

Consultation

- 7 The Council's Consultation Officers Group (COG) agreed the 10 questions (also agreed by all DKO partners) which formed the consultation for these changes. These are set out in appendix 4.
- 8 All DKO partner landlords carried out their own consultation with their stakeholders, including their own Boards and management teams.
- 9 There were exactly 800 returns in response to the consultation, across all 7 landlord partners. The response was largely in favour of all changes with at least 72% agreeing with each change. The results of this consultation can be found at appendix 5.
- 10 A consultation event was held by DCC on 11 August 2016 with both representatives from the third sector (and relevant DCC services), and Registered Providers signed up to the Council's Nomination Agreement.
- 11 A presentation and report on the proposed changes was provided to the Economy & Enterprise Overview and Scrutiny Committee in July 2016, with an update on consultation results due in September 2016. The committee made a response to the consultation which has been incorporated in the final changes.

Existing policy and the nine proposed changes

- 12 Currently DKO Policy has 5 bands (A to E), band A being for those in highest housing need down to band E for those adequately housed. To create fairer assessment of need and increased competition (to attempt to increase demand) it is proposed to decrease to four bands: bands 1, 2, 3 and 4 (see appendix 2 for proposed banding structure). It is expected that fewer bands will be more customer-friendly and 90% of all those responding to the consultation agreed. All existing applicants in band B for High Medical will be re-assessed and placed in one of the top two bands under the new structure, band 1 and 2.
- 13 Applicants currently in band B for 'High Medical' will be reassessed based on the new medical framework. Currently, DKO has three levels of priority for those in medical need. Communities and Local Government (CLG) guidance states that just two tiers of medical need are appropriate for local authority lettings policy (these being medical and urgent medical). DKO is working with Occupational Therapists to devise new guidelines for a two tier approach, to ensure fairness of assessment. Applicants registering with DKO with medical needs will be assessed against this new framework, jointly created by DKO partners (including DCC) but administered by the landlord registering the form.

- 14 It is also proposed to limit the amount of time applicants should spend in band 1. After 12 months applicants will be directly offered a suitable property of type and size (and area) and, if rejected, the applicant may be placed into band 2. All cases will be looked at individually and an inability to move at any given time and/or availability of stock will be considered. *Note: Statutorily homeless applicants would continue to be given 6 weeks duty by the Council before being made a direct offer of housing, in line with homelessness legislation.*
- 15 Currently, applicants that provide DKO with a letter from landlords, stating they may be homeless within 3 months, are awarded band D 'threatened with homelessness'. 40% of all these cases over the last three years have not been positively resolved by DKO, and a third of those that have been housed have moved after the 3 month timeframe. It is proposed to remove this banding reason, with all referrals going to Housing Solutions for assessment by them. Any homeless applicants with a priority need will receive band 1 and homeless applicants without priority need will receive band 2 (both higher than the current low level band D for this group). This change should ensure fairness to all applicants, increase housing options for this group, and improve the chance (and speed) of a move into social housing. 85% of people agreed with this change in consultation.
- 16 At present, all applicants *wanting* larger accommodation (but not considered to be overcrowded) are given band D with the reason 'needing larger accommodation (outside of overcrowding)'. This can be confusing for applicants that may not be able to afford larger homes. It is proposed to remove this banding reason from the policy. 82% agreed with this change in consultation. Those that can afford larger homes will still be entitled but will be assessed under their current housing need.
- 17 In the existing scheme, all adverts for social homes are advertised with preference given to either band B, C or D applicants (after band A are prioritised). Band E applicants are only offered homes that applicants in higher bands have expressed no interest in. Quotas give customers in all bands the chance to access social housing when DKO experienced higher demand for their stock. Due to changing demand it is proposed to remove the quota system from the scheme. This should make the scheme more 'user friendly'. This proposed change has been warmly welcomed by customers in particular who find the quota system confusing and have welcomed a more streamlined process.
- 18 By current policy, a new tenant can register a fresh application with DKO immediately after moving; even if they are now adequately housed (ie their need has been addressed by their recent move). This creates increased voids and is unfair on other applicants who are moving from other tenure types. DKO propose to refuse tenants back on to the housing register during the first 12 months of their tenancy, unless they have a new housing need in that time (in which case they will be assessed as normal). Again this proposed change has been welcomed by partner landlords and customers to ensure greater fairness in the system.

- 19 Currently, DKO uses a guideline of 8 weeks (or 2 months) rent/mortgage arrears for discussion with the customer regarding their suitability to be an 'acceptable' tenant of DKO. It is now proposed to consider all arrears when deciding whether an applicant is an acceptable tenant for DKO. This gives DKO the opportunity to address overall financial issues and suggest suitable action to the applicant. Addressing arrears earlier allows for preventative measures to be put in place and appropriate referrals to relevant organisations to be made. DKO will continue to show flexibility and every case will be judged on its own merits, as it is now. 74% of customers agreed with this change but the third sector has queried how fairly this would be administered county-wide. DKO Board has arranged a special meeting to revise the definition of an 'unacceptable tenant', of which various examples are then listed- this includes the reference to rent/mortgage arrears. Procedures will be solidified to ensure fairness and consistency, whilst at the same time seeking to support customers earlier and offer greater prevention.
- 20 Since DKO began, single applicants and couples have been allowed access to 2 bed homes, even if they do not have the finance to cover the full rent. Families are granted minimum size eligibility in line with housing benefit rules but are also allowed an extra bedroom for each child, even if they cannot afford it. DKO propose to amend its framework to state that people will only be offered larger homes if they can afford them. This will ensure that applicants are only placed into suitable homes and sustainable tenancies; and increases their options for future moves via DKO (or into any other tenancy types) by way of good landlord references.

Shared tenancies

- 21 All tenancies starting after 1st April 2016 are subject to new benefit legislation from 1st April 2018. Tenants will only receive housing benefit up to the amounts stated for that area, known as Local Housing Allowance (LHA). Currently, only private tenancies are considered for LHA. These rates differ depending on age (single applicants under-35 receive less than those 35 years and over) and area. LHA rates across County Durham will vary, as they are calculated across local authority borders.
- 22 In light of the substantial impact that under-35s will face in paying their rent if out of work, DKO asked for comments from around the feasibility of shared tenancies for single applicants applying to the scheme, who would not be able to afford their own tenancy. Shared tenancies are an option that DKO could utilise to ensure all applicants can access social housing. This question returned the lowest percentage in favour of change during consultation, with 72% agreeing it was worth consideration.
- 23 Shared tenancies have not been a popular choice in recent years in County Durham (and are not widely promoted across the other local authorities in the North East) although they are proving popular in other places, especially amongst younger people in more urban locations. DKO landlords are considering the response from consultation and will continue to work closely with the Council to ensure social housing is available to all people who require it in County Durham and whilst Registered Providers are currently piloting several shared tenancy schemes to learn lessons for the future, at this stage, there are no proposed changes to policy regarding shared tenancies.

Marketing of properties on the customer website

- 24 Currently, DKO has one advertising cycle running Thursday to Tuesday, and all shortlists are worked through on a Wednesday. DKO propose to move to weekly cycles starting each working day. This means a newly void property can be advertised the first day it is available, instead of waiting to be advertised on the next Thursday cycle start. This will improve the average waiting time for customers in the highest housing need to be rehoused. This proposal has been widely welcomed by customers and partners alike and should decrease void times whilst at the same time increasing competition with the private rented sector. There are no staff revenue implications because the number of void properties and associated shortlists will remain the same but instead of offers being administered on one focused day, shortlisting will be carried out each working day, in smaller numbers.

Further information

- 25 The Enterprise and Economy Overview and Scrutiny Committee supported the current review of the DKO Letting Policy and welcomed the opportunity to provide comments to feed into the ongoing consultation. Members commented that in relation to rent or mortgage arrears at zero this would result in a greater number of assessments to be undertaken by DKO to determine if an applicant with rent or mortgage arrears would be allowed onto the housing register. This has been noted by DKO Board.
- 26 In relation to affordability the committee members recognised that the proposed change was a “measure to prevent applicants experiencing financial hardship and that DCC would be working with housing providers in the county to develop the mix of housing, including one bed properties at affordable rental costs to meet the needs of applicants in the county”.
- 27 DKO Board are currently reviewing the Procedures that sit behind the Policy. If Cabinet approve the proposed policy changes, DKO will revise the policy document and all procedures, led by the Choice Based Lettings Co-ordinator (employed by DCC).
- 28 An appeals process remains in place for any applicant who feels aggrieved by decisions they disagree with, either at point of application or thereafter, including at point of any offer. The Head of Economic Development and Housing will continue to have delegated authority to make any necessary minor changes to the lettings policy.
- 29 DKO partners are mindful of changing legislation in both benefits and housing, and will continue to monitor government policy to ensure that DKO Letting Policy reflects the housing market. The first formal review of the proposed changes will take place after 6 months and then there will be an annual review undertaken every April.

Recommendations

30 OSC is to note the DKO policy changes that Cabinet are recommended to agree to, as follows:

- Amend 5 bands (A to E) to 4 bands (1-4)
- Remove the quota system
- Remove the banding assessment reason *High Medical*
- Remove the banding assessment reason *Threatened with homelessness within 3 months*
- Remove the banding assessment reason *Wanting larger accommodation (outside of overcrowding)*
- Include a 12 month time limit to retain band 1 status (exceptions apply)
- Prevent those adequately housed in band 4 from re-applying to DKO following a move through DKO, for a 12 month period (unless a new housing need arises)
- Remove the 8 week guideline on rent/mortgage arrears as a definition of an acceptable tenant
- Realign access to size of homes based on affordability of rent

Background Papers:

- DKO Letting Policy April 2016 v4 (amended from April 2013 v1 - v3)
- CLG Allocation of accommodation guidance for local housing authorities in England 2012

Contact:	John Kelly, CBL Co-ordinator (Housing Team Leader)
Tel:	03000 262 545

Appendix 1: Implications

Finance -

There are no financial implications for DCC.

Staffing -

None beyond the initial training of staff re: policy changes.

Equality and Diversity --

An EqlA of the CBL scheme is being undertaken and will accompany the CMT and Cabinet report.

Accommodation -

None

Crime and Disorder -

None

Human Rights -

None

Consultation -

Consultation has been undertaken with all relevant parties/stakeholders. The outcome of the consultation is set out at appendix 5.

Procurement -

None

Disability Issues -

None

Legal Implications -

DCC's Legal section has been consulted on all changes.

Band 1
Regeneration
Urgent Medical
Overcrowded by 2
Supported Accommodation
Statutory Homeless
Care Leavers
Band 2
Medical/welfare
Overcrowded by 1
Hardship
Non-statutorily homeless
Armed Forces
Band 3
Independent Living (including relationship breakdown)
Band 4
Adequately housed

Time-plan: DKO Policy changes

Appendix 3

Milestone	Start date	End Date	Resources
Finalise policy banding	05/04/2016		DKO Board
Begin consultation	06/04/2016	19/08/2016	All partners
Consultation with OSC	28/07/2016		Marie Smith
Papers out for CMT	01/08/2016		
Draft policy report to Corporate MT	03/08/2016		Ian Thompson
Re-draft policy report following consultation	19/08/2016		DKO Board
Results of Consultation to OSC	26/09/2016		
Final policy report to CMT	28/09/2016		Ian Thompson
Papers out for Cabinet	30/09/2016		
Final policy report to DCC Cabinet	19/10/2016		
Policy to go to DKO partners' boards for info	20/10/2016	-	All partners
Proposed go live for Policy	02/11/2016		All partners

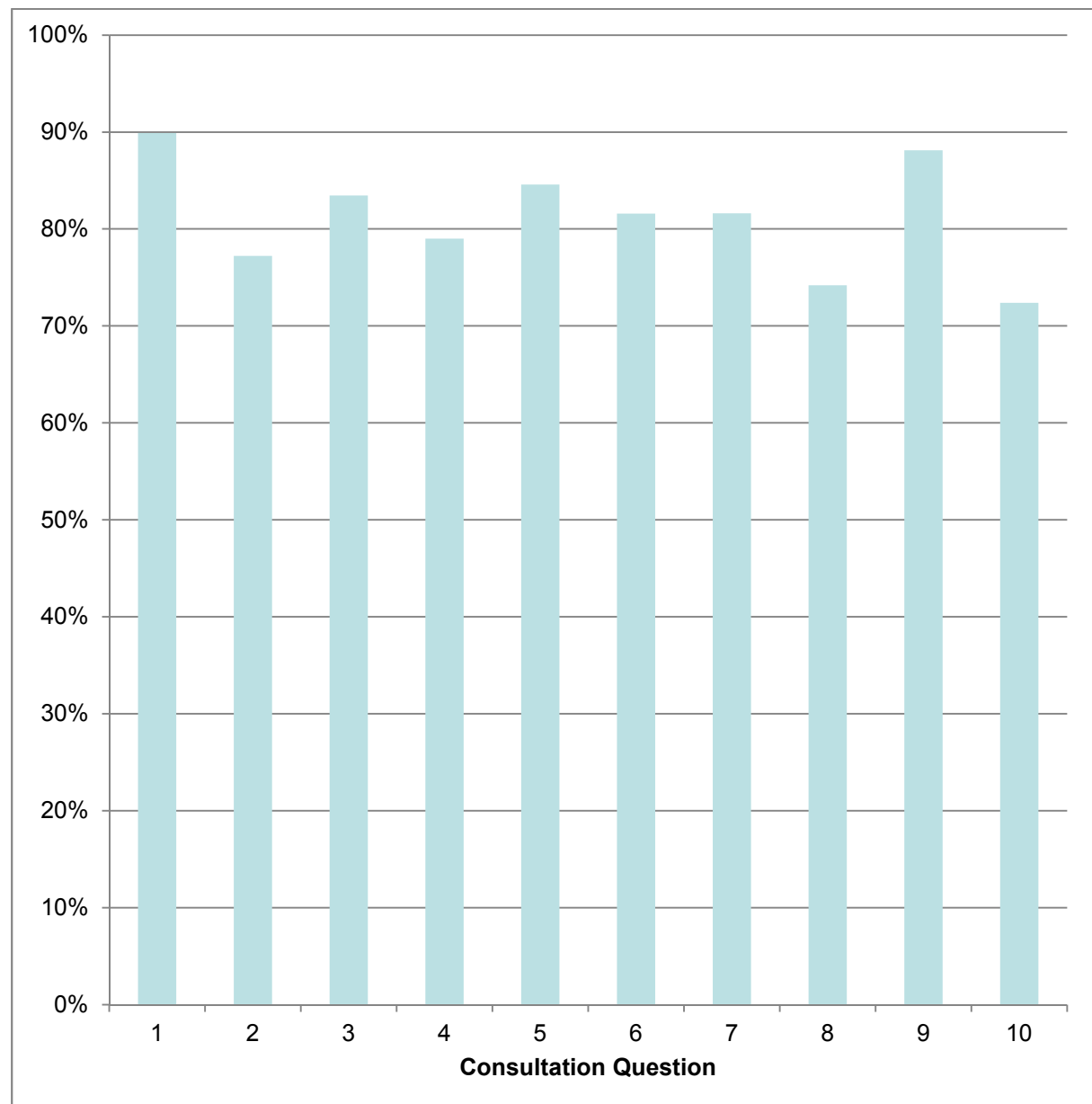
- 1) Do you agree with changing from 5 priority bands (bands A - E) to 4 priority bands (bands 1 - 4)?
- 2) Do you agree with the **removal** of the current banding quotas where 45% of adverts prioritise applicants in bands A and B; 40% in bands A and C; and 15% in bands A and D (ie all homes would be allocated strictly in banding order in future)?
- 3) Do you agree with changing from three tiers of medical assessment (urgent, high and 'medium') to two tiers of medical assessment (urgent medical and medical)?
- 4) Do you agree with limiting the amount of time the highest priority applicants (band 1) can spend in the top band, where it is reasonable a home could have been found in that time (eg 12 months)?
- 5) Do you agree with removing the banding reason 'Threatened with homelessness' (band D) for those providing notice from landlords; replaced with a direct referral to the Council's Housing Solutions section (for advice and assistance)?
- 6) Do you agree with removing the banding reason 'Wanting larger accommodation, outside of the overcrowding criteria' (band D)?
- 7) Do you agree that current tenants of DKO landlords, **assessed as having no housing need**, will not be allowed to re-apply to DKO for 12 months after a move (note: tenants in housing need will still be able to apply)?
- 8) Do you agree with changing the guideline to disqualify applicants with rent/mortgage arrears (and rechargeable repairs) from 8 weeks arrears to zero weeks?

Discretion would still be used to assess genuine reasons for the arrears, and (as now) applicants can show signs of change by clearing arrears or setting up an agreeable repayment plan.

- 9) Do you agree that applicants should only be offered homes if they can afford to pay the rent for that size home?

Currently, single applicants can apply for 2 beds; applicants with two children can apply for 3 beds; and people with three children can apply for 4 beds (etc) even if they can't afford the rent. In future, applicants that can afford a larger home will be allowed access to them, even if policy had previously restricted them.

- 10) In light of the changing benefit rules for single applicants under 35 years old, do you agree it is a good idea for DKO landlords to consider shared tenancies for single applicants (who can't afford rent on their own) to access social housing in future?



This page is intentionally left blank

Economy and Enterprise Overview and Scrutiny Committee

26 September 2016



Regeneration and Economic Development Service –Revenue and Capital Outturn 2015/16

Joint Report of Corporate Director – Regeneration and Economic Development and Interim Corporate Director - Resources

Purpose of the Report

1. To provide details of the outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget.

Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the RED service grouping:
 - *RED Revenue Budget- £27.391 million (original £25.459million)*
 - *RED Capital Programme- £34.543 million (original £39.747million)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Transfer of repairs & maintenance budgets to Neighbourhoods Services -£3,000
 - Transfer of Crimdon Park and beaches budgets from neighbourhoods Services +£15,000
 - Reduction in energy budgets to reflect corporate savings -£32,000
 - Net reduction in Concessionary Fares budget to reflect lower contract payments -£270,000
 - Reduction in Carbon Tax CRC to reflect corporate savings -£64,000
 - Reduction in water charge budgets to reflect corporate savings -£1,000
 - Fleet Depreciation and Insurance adjustment -£15,000
 - Use of strategic reserves for redundancies for MTFP savings +£146,000
 - Use of Corporate Reserve – Office Accommodation +£742,000

- Security costs for Whinney Hill School +£48,000
- Car Allowances +£34,000
- Net contribution from service reserves +£998,000
- Net contribution from service cash limits +£323,000
- Increase in Fleet Recharges +£16,000
- Contribution to Capital Expenditure -£5,000

The revised General Fund Budget now stands at £27.391 million.

4. The summary financial statements contained in the report cover the financial year 2015/16 and show: -
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the RED revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The service is reporting a cash limit underspend of **£1.816million** against a revised budget of **£27.391million**. This compares with an estimated underspend of **£1.521million** at Quarter 3 – a difference of £0.295 million.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis £'000

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	27, 801	28,050	249	(185)	64
Premises	3,873	5,927	2,054	(1,785)	269
Transport	951	784	(167)	0	(167)
Supplies and Services	13,618	13,314	(304)	391	87
Agency and Contracted	19,919	19,442	(477)	50	(427)
Transfer Payments	95	1	(94)	0	(94)
Central Costs	10,534	13,284	2,750	(2,037)	713
GROSS EXPENDITURE	76,791	80,802	4,011	(3,566)	445
INCOME	(49,400)	(64,113)	(14,713)	12,452	(2,261)
NET EXPENDITURE	27,391	16,689	10,702	8,886	(1,816)

Analysis by Head of Service £'000

Head of Service Grouping	Annual Budget	YTD Actual	Variance	Items Outside Cash Limit	Final Variance
Strategy Programmes Performance	1,814	1,704	(110)	34	(76)
Economic Development & Housing	7,672	2,997	(4,675)	4,228	(447)
Planning & Assets	5,973	7,026	1,053	(1,581)	(528)
Transport & Contracted	1,815	1,258	(557)	(207)	(764)
Central Managed Costs	10,117	3,704	(6,413)	6,412	(1)
NET EXPENDITURE	27,391	16,689	10,702	8,886	(1,816)

7. Attached in the table below is a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. concessionary fares) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under) / Overbudget £'000	(Under) / Overbudget £'000
Strategy Programmes Performance	Corporate Director	Minor Variance	(1)	(76)
	Strategy, Policy, Partnerships & Support	£44k under budget mainly due to staff vacancy savings	(44)	
	County Durham Economic Partnership	£18k under budget on supplies and services	(18)	
	Planning & Performance	£13k under budget mainly from savings in employees	(13)	
Economic Development & Housing	Head of Economic Development	Minor Variance	(6)	
	Physical Development	Net additional expenditure on project development	48	
	Visit County Durham	£40k over budget on supplies and services £56k under budget on staffing due to secondment to Visit England	(16)	
	Business Durham	£166k overall under budget which was transferred to the Business Durham Programme Reserve.	0	
	Economic Development	Minor variance	(9)	

Head of Service	Service Area	Description	(Under) / Overbudget £'000	(Under) / Overbudget £'000
	Housing Solutions	£221k under budget in housing solutions management and admin, after accounting for £207k contribution to earmarked reserves. £75k under budget in respect of other initiatives. £168k under budget on GRT sites mainly due to additional income and lower running expenses	(464)	(447)
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Agreed over budget AONB contribution towards projects	16	(528)
	Spatial Policy	£40k under budget on employees £10k under budget on transport £158k agreed additional spend on County Durham Plan	108	
	Development Management	£104k under budget on employees £20k under budget on supplies and services £499k overachieved planning fee income	(623)	
	Building Control	£23k under budget on employees £54k under budget on supplies and services £91k underachieved building control income	14	
	Environment & Design	£77k under budget on employees £45k under budget on supplies and services £62k overachieved income from FIT and one-off water metering	(184)	
	Asset Management	£39k over budget on employees £40k over budget on supplies and services £62k overall underachieved income, includes £226k underachieved income and business rates re Millennium Square, Brackenhill, Newgate Street, Beveridge Arcade, £47k underachieved income garages, offset by £211k additional income from asset sales	141	
Transport	Head of Transport	£13k share of airport legal costs	13	(764)
	Traffic	£8k under budget on employees £24k under budget on other running costs of the traffic network.	(32)	
	Sustainable Transport	£40k over budget on employees £463k net under budget primarily due to planned savings on bus contracts met early (£343k).	(423)	
	Supported Housing	£97k overs budget on employee costs primarily due to 24/7 cover for holidays and sickness £312k under budget on other running costs £107k over achieved income due	(322)	

Head of Service	Service Area	Description	(Under) / Overbudget £'000	(Under) / Overbudget £'000
		to increased self-paying client numbers and SLA agreements		
Central	Central Costs	Minor Variance	(1)	(1)
TOTAL				(1,816)

8. The final outturn position of £1.816 million underspend will be carried forward under the 'cash limit' regime and utilised to support service priorities. It should also be noted that the MTFP savings target for RED in 2015/16 of £1.3 million was delivered.

Revenue – Housing Revenue Account (HRA)

9. On 13 April 2015, the Council transferred its housing stock of 18,500 dwellings to County Durham Housing Group. Consent was received from the Secretary of State to close down the HRA any time from 30 April 2015 onwards as the Council is no longer a social housing landlord and not required to maintain a ring-fenced HRA.
10. There were some residual transactions taking place reflecting the relatively short period of activity in 2015/16 and also costs associated with delivering stock transfer in April which have been met from available income and reserves. Residual balances have been passed to the General Fund.

Capital Programme

11. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 138 schemes managed by around 23 project delivery officers.
12. The outturn position of the Regeneration and Economic Development capital programme has been finalised. The revised budget was £34.543 million compared to actual spend of £31.993 million.
13. Summary financial performance for 2015/16 is shown below.

Service	Final Budget 2015/16 £m	Final Outturn 2015/16 £m	Final Outturn 2015/16 % Spend
Economic Dev & Housing	12.120	11.447	94
Planning & Assets	7.507	6.902	92
Transport & Contracted	14.672	13.644	93
Strategy & Programmes	0.244	0.000	0
Total	34.543	31.993	93

14. **Appendix 2** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme. Most of the RED capital programme is covered by a small number of significant projects which have long lead times, where implementation is over more than one financial year, and 2015/16 has seen significant progress made for a number of major schemes.
15. **Appendix 3** provides a narrative on the major RED capital schemes, describing what has been delivered through the programme.

Recommendations:

16. The Scrutiny Committee is requested to note the contents of this report.

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position for 2015/16.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: RED Capital Programme 2015-16 Outturn Position
GENERAL FUND (GF)

Scheme	Final Annual Budget 2015/16 £m	Final Outturn	
		Amount £m	% Spend
ECONOMIC DEVELOPMENT & HOUSING			
Barnard Castle Vision	0.364	0.262	72%
Durhamgate	0.285	0.270	95%
Industrial Estates	0.560	0.893	159%
North Dock Seaham	0.754	0.827	110%
Office Accommodation	0.066	0.001	2%
Town Centres	2.463	2.481	101%
Minor Schemes	0.672	0.567	84%
Disabled Facilities Grant / FAP	3.531	3.737	106%
Gypsy Roma Travellers	0.027	0.039	144%
Housing Renewal	1.898	1.568	83%
Chapter Homes	1.500	0.800	53%
TOTAL ECONOMIC DEVELOPMENT & HOUSING	12.120	11.447	94%
PLANNING & ASSETS			
Renewable Energy Schemes	0.715	0.706	99%
Structural Capitalised Maintenance	6.527	6.099	93%
Woodham CTC	0.000	0.000	0%
Minor Schemes	0.265	0.097	36%
TOTAL PLANNING & ASSETS	7.507	6.902	92%
TRANSPORT & CONTRACTED SERVICES			
Local Transport Plan	3.233	2.421	69%
Transport Corridors	1.215	1.303	107%
Transport Major Schemes	9.810	9.638	98%
Transit 15	0.104	0.039	38%
CCTV	0.093	0.027	29%
Minor Schemes	0.215	0.215	100%
TOTAL TRANSPORT & CONTRACTED SERVICES	14.670	13.644	93%
STRATEGY AND PROGRAMMES Minor Schemes	0.244	0.000	0%
Total General Fund (GF)	34.543	31.993	93%

Appendix 3: RED CAPITAL PROGRAMME DELIVERY 2015/2016

Barnard Castle Vision - Actual Spend £0.262m

Following the completion of the Witham in 2013 a number of business improvement projects were identified and a grant provided in support of the business plan agreed in January 2015. The improvement projects completed include electrical lighting improvements to the office and Event Hall, screening to the rear of the Event Hall and works to the café/kitchen area to support the expansion of services and generation of additional income.

The NeST, run by Barnard Castle Vision Community Interest Company was closed in December 2015. The premises' have been redeveloped by a local publican with some support of the BCV team to provide a Pizza restaurant creating additional jobs. No financial support was provided by DCC.

The Heart of Teesdale Partnership has completed over 70km of improvements to pathways, in particular, the Teesdale and Greta Way. This has included installation of signage and replacing stiles with gates. A final phase of works in Flatts Woods will soon be completed including interpretation boards and benches.

The Teesdale Views project was commissioned and will see the installation of 11 works of art at views across the partnership area nominated by the local community and identified by the artist, Vic Brailsford. Ant Macari has written haiku poetry in response to place and these are additional sites in the area. An app is being developed to enable broad access to this project and others both remotely and whilst in the area.

A number of historic locations have been improved including works at Eggleston Abbey, the Red Well and Rokeby Church. Work has been planned for 2016 to improve access to Bowes Castle and restore the pack horse bridge at Headlam.

Habitats have also been restored such as Tees riverbanks where invasive species have been removed and a wildflower meadow created next to the Tees Railway Path.

The traditional farm building survey project has included the surveying of over 175 barns, an exhibition of works and training of 12 volunteers. The results will be submitted to the Historic Environment Record. The group is continuing even after HoT funding has ceased.

The Birds and Farm Landscapes project has worked with over 250 farmers to improve field boundaries, plant trees, create natural habitats and provide a food source for passerines across the dale's agricultural areas.

Since 2011 over 800 volunteers have been involved in projects and over 1,500 people involved in training and workshops. The Scheme ends in October 2016.

DurhamGate - Actual Spend £0.270m

Expenditure has been spent on final payment to the contractor and legal fees associated with provision of a design warranty. The warranty is ready for execution which will trigger CAST's payment to the Council of monies outstanding under the Development Agreement.

Industrial Estates - Actual Spend £0.893m

Industrial Properties Refurbishment Programme:

A range of environmental and electrical works to Stainton Grove Industrial Estate together with a targeted marketing campaign has helped increase occupancy to 91% with only one unit remaining empty at the end of March 2016.

NETPark - Grow on Space:

A design feasibility study has been progressed for a regional business looking to relocate to a bespoke office and lab space at NETPark. Confirmation is expected in April 2016.

NETPark - Infrastructure Phase 3:

Design costs associated with the development of road and utility infrastructure to support the development of an additional 13 hectares of land at NETPark. This programme is being funded with £6.83m from the North East LEP. Physical construction will be undertaken during 2016/2017 and 2017/2018.

NETPark - Explorer Village:

Design and planning costs associated with the development of additional speculative units at NETPark.

NETPark - National Centre:

Design feasibility and ground investigation costs associated with the development of the National Centre for Healthcare Photonics by CPI at NETPark.

NETPark - Polyphotonix:

The Council investment has supported the development and production of the Noctura 400 sleepmask.

North Dock, Seaham - Actual Spend £0.827m

Expenditure has been incurred on establishing a further 19 berths for boats in the marina. This means the marina has a total of 96 berths available. Further expenditure has been incurred on commissioning the design and manufacture of a boat hoist to serve a new boatyard. The hoist will be installed during May/June and this is followed by access road improvements and construction of boat sheds/workshop/tractor store.

The remaining expenditure has been spent on the design of a new Water Sports Centre. This scheme is out to tender and will commence on site during June/July 2016.

Office Accommodation - Actual Spend £0.001m

Expenditure during the financial year 2015/2016 supported the following projects:

- Direct Services Meadowfield Depot - Construction of extension to house ICT staff relocated from County Hall.
- Provision of a new surgery style CAP in Bishop Auckland Town Hall.

Although OAP1 is coming to an end, there are still continuing commitments in support of the following projects:

- Production of a new part-time surgery style CAP in Newton Aycliffe Leisure Centre.
- Legal fees in connection with Chester-le-Street CAP.
- A provision for the demolition of Hopper House and associated properties to assist facilitate the development of the new Durham Bus Station.

Town Centres - Actual Spend £2.481m

The town centres capital programme seeks to support and stimulate private sector investment across the County's main centres.

Bishop Auckland - Laurel Building:

To support the restoration of this Grade II listed building the design team completed a scheme design and a costing plan to redevelop the building into an enterprise centre with 26 units. A consultation exercise was undertaken in May 2015 and received overwhelming support from the general public.

A bid was submitted for Heritage Lottery funding in June 2015 for £5/6million. This bid was unsuccessful due to the high level of the request however feedback suggested a further submission should be made in 2016 when other match funding may be available. The potential to secure European funding from the 2016 round of ESIF has been identified and further funding submissions to ERDF and HLF will be made in Summer 2016.

Bishop Auckland - Bondgate:

As part of the overall infrastructure improvements which DCC are undertaking to support the Auckland Castle Trust's long term ambitions for the Town, the existing North Bondgate car park was extended into the adjoining former bus depot site in 2015/2016. Parking capacity subsequently increased from 175 to 315 spaces and the Trust took over the management and operation of the newly extended facility from 1st April 2016. Looking ahead, improvements to the infrastructure will continue. The detailed design is currently underway to clear the former petrol station site and expand parking provision further. It is also proposed to improve the footpaths leading from the North Bondgate car park to the Market Place.

Peterlee - North East Industrial Estate:

During 2015/2016 work continued towards facilitating the regeneration of an identified area of the industrial estate. This area is contiguous with the boundary of the site for which outline planning consent for new housing was granted in July 2014. Likewise, the actions undertaken throughout the financial year follow the strategy endorsed by Cabinet in January 2014.

The principal points of note from the year are:

- The council has worked with other major landowners and stakeholders to work towards a collaborative agreement which aims to secure a land assembly and site disposal mechanism that will facilitate matters for a future developer. As part of this, the whole site has been offered as a development opportunity and a national housebuilder has been identified as a prospective purchaser and developer, with plans for 430 new homes. Work is continuing to refine the arrangements for site assembly and disposal.
- Work has continued towards securing the acquisition of a number of smaller properties, previously identified as suitable for purchase by the council as a precursor to a full land assembly exercise. The council is now over 50% of the way through this process and has, to date, acquired and demolished 5 properties. A further two properties have been bought but not yet cleared. 8 further properties have still to be acquired with (at time of writing) agreement close on 3 of them. Negotiations are taking place with agents for all remaining properties. It is expected that these negotiations can be concluded in a timely fashion, in default of which the council will proceed by way of Compulsory Purchase (subject to Cabinet endorsement on a full Statement of Case).

- A financial injection of £50,000 was secured from other sources for expenditure in 2016/2017 towards project development and site investigation work that will better inform likely land receipts from a developer. Discussions are continuing with the funder towards trying to secure a far more significant investment (potentially for land acquisition, decontamination and/or infrastructure and service provision).

Crook - Queen Street Development

Site assembly at Queen Street/Elliott Street progressed with the purchase of the Baptist Union Building. Planning for demolition was approved and work started August 2015. The site is now cleared and ready for sale.

Heads of Terms have been agreed, however further investigation across the site was required by the developer, therefore delaying the sale. DCC are still working with the end user and negotiations are taking place regarding the site survey outcomes and associated remedial works, if proven they are required.

Targeted Business Improvements:

The scheme is a non-repayable grant scheme to support business premises improvements, promote investment and enterprise, and improve the viability of the major centres across our County. The scheme has continued on a rolling programme through 2015/2016 in the centres of Chester-le-Street; Seaham & Murton; Peterlee; Stanley; Consett, Bishop Auckland and Barnard Castle.

The above schemes returned the following outputs:

- 15 new businesses attracted to our centres and supported at start-up stage
- 66.5 Full time equivalent jobs created
- 42 town centre properties improved, 11 of which were empty
- £1,065,597 of private investment attracted
- 40 retail employees accessed training as a direct result of TBI intervention

Four shop dressings were delivered in Bishop Auckland, Consett and Durham City attracting positive media coverage.

Public Realm:

In Seaham, work continued to finalise designs for schemes to be delivered to improve access to the railway station for both pedestrians and vehicles, and to improve the links from the Railway, along the boulevard toward the town's retail area and Marina. These works are scheduled for delivery 2016/17. Wayfarer signage was installed to improve movement across the centre and to promote the retail offer to visitors.

Consett received major improvements along both sides of Front Street, continuing from works undertaken on Victoria Road. The works will strengthen the linear access to the existing retail centre; bus station and new development at Hermiston.

Shildon works were put on hold to allow the Council to determine if intervention would be required following the closure of Morrison's in the centre. The project is once again progressing and aligned for completion early July 2016 to coincide with the arrival of the Flying Scotsman at Locomotion.

Crook saw public realm improvements at the major junction of the A690 and B6298. The works were to improve the quality of the public realm to reflect that across the market area and at Croft Street. The rest of this area, directly in front of the old TSB building site, will be aligned to the development at Queen Street.

A quick win project was delivered in Peterlee to improve signage across the centre. Design and consultation progressed to determine public realm improvement schemes, and discussions are being undertaken with private landowners to determine final delivery options.

New wayfinding signage has been installed throughout Bishop Auckland Town Centre in 2105/2016. The highly visible branded signs incorporate street maps with walking distances to help visitors and tourists navigate their way around the town's attractions/facilities and also clearly signpost both the bus and railway terminals.

Working with The Bowes Museum a second phase of tourism banners have been erected in Barnard Castle.

Minor (ED&H) Schemes - Actual Spend £0.567m

St Johns Square, Seaham (Public Realm):

The Public Realm works to install a car park with associated landscaping at St John's Square, Seaham are now substantially complete. Some minor snagging works remain.

Disabled Facilities Grants (DFG's) & Financial Assistance Policy (FAP) - Actual Spend £3.737m

Disabled Facilities Grants:

The number of referrals for DFG has risen slightly this year compared to the previous year and this together with the £900k commitment at the start of the year has seen a budget spend greater than anticipated requiring £186k being accelerated at the year-end. In total 476 DFG's were completed in the year with a further 183 committed at year end (the value of the commitment is circa £1m). Whilst the target number of DFG's per year is 500 the service is demand led therefore with the increase in the number of ground floor extensions provided and the rise in building costs the spend was achieved with fewer number of cases.

Financial Assistance Policy (Decent Homes Assistance):

The loans administration process was brought in house in June 2015 which meant many cases were held until such time as processes and systems were in place. The lead in time for loans is a lengthy process therefore it was identified at six month review that re-profiling was necessary. The target DHA's was 16 in year and 13 were achieved.

Travellers Sites Refurbishment - Actual Spend £0.039m

Overall completion was achieved within 2014/2015 within the programme timeframe and the following sites were re-opened for the return of residents:-

Adventure Lane, West Rainton - achieved 9th June 2014

Tower Road, Stanley - achieved 28th July 2014

Drum Lane, Birtley - achieved 27th October 2014

Green Lane, Bishop Auckland - achieved 2nd February 2015

The refurbishment programme across the 4 sites in total has seen the replacement of 68 pitches, the creation of 8 new pitches and the build of 4 new communal buildings.

Payments made in 2015/2016 relate to contract / fee payment to Neighbourhood and Direct Services, audit and external consultants, boundary fencing and testing of sewers at the Green Lane, Bishop Auckland Site.

In 2016/2017 works will be undertaken to retrofit water meters across five of the Traveller Sites: Adventure Lane, West Rainton, Tower Road, Stanley, Drum Lane, Birtley, East Howle, Ferryhill and St Phillips, Coundon

Housing Renewal - Actual Spend £1.568m

The Housing Regeneration Delivery Section resources are targeted on holistic regeneration projects in areas with the worst concentrations of housing problems. Each element plays its part in co-ordinated local action focused on sustainable improvements.

The delivery of capital investment programmes for the Housing Regeneration Delivery Section in 2015/2016 included acquisition and demolition of private sector housing stock, group repair and energy efficiency schemes and environmental improvements.

Schemes include Craghead, Dawdon, West Chilton, South Moor.

Craghead:

27 properties in Ousterley and Holmeside Terrace, Craghead benefitted from external solid wall energy efficiency measures in 2015/2016. Funding was levered into the programme via Energy Company Obligation (ECO) funding through Warm up North (British Gas) our delivery partner. Final regeneration defects liability works will be completed in 2016/2017 along with administration of the retention payment.

South Moor:

48 properties in Pine Street, South Moor benefitted from external solid wall energy efficiency measures within 2015/2016. Funding was levered into the programme via Energy Company Obligation (ECO) funding through Warm up North (British Gas) our delivery partner. Environmental Improvement works will be completed throughout 2016/2017.

Dawdon, Seaham:

Dawdon Phase 10 Group repair scheme was completed in 2014/2015 with external improvements being undertaken to properties within Shrewsbury, Maglona, Chaplin, Embleton, Margaret and Stavordale Streets. In total across this programme 99 properties have benefitted from the scheme. Payments in relation to this scheme made in 2015/2016 have covered works required under the defects liability period of the contract which were undertaken by Direct Services due to the original contractor going into administration.

West Chilton:

The acquisition of one property enabled the demolition of 3 properties in Dene Terrace which was completed in 2015/2016. The remaining programme from 2016-2018 will see the acquisition of a further 2 properties, the demolition of 5 properties, 12 garages and a range of obsolete outbuildings. A proportion of these covering Hunter Terrace will however be subject to a future Compulsory Purchase Order process.

Empty Homes Cluster Bid (Environment):

Environmental improvement works have been concluded in Easington Colliery 'B' Streets and works undertaken within West Chilton in order to support the wider return of empty private sector properties back into use through the grants and loans element of the empty homes cluster programme.

Empty Homes Cluster Bid (Grants & Loans):

The nature of the loans is a lengthy process and whilst the applications are in place in year expenditure was slightly lower than anticipated. However 86 loans and grants were provided to bring properties back into use and the year ended with a further 53 loans in progress with a committed value of £453k.

Chapter Homes - Actual Spend £0.800m

Chapter Homes is a new housing company incorporated in August 2015 and owned 100% by the Council for the purpose of developing new housing to meet the housing needs of the area. The Company commenced its first development in 2015/2016 after obtaining planning permission in November 2015 for the development of 125 houses at a pilot site in Newton Aycliffe. Construction activity commenced in January 2016 and the expenditure incurred during 2015/2016 reflects the drawdown of loan and equity funding on commercial terms from the Council.

Renewable Energy Technology - Actual Spend £0.706m

Energy Efficiency Fund:

Whole building energy efficiency retrofits to three depots: Hackworth, Morrison Busty and Chilton. Works include lighting and heating controls, lighting schemes, heating and air conditioning improvements. The works was designed to reduce the combined annual electricity consumption by 49% and the combined annual gas consumption by 14% from the baseline year.

Away From G:

An energy efficiency lighting retrofit was delivered at Meadowfield Service Direct building, designed to reduce energy costs and improve light conditions.

Boiler Optimisation:

M2G boiler optimisation units have been installed at Barnard Castle Social Services building, Durham Abbey Day Centre and NETPark 2. This completed the boiler optimisation programme as all currently feasible sites have now been addressed. The financial savings are expected to enable a financial payback of between 2 and 3 years.

Structural Capitalised Maintenance - Actual Spend £6.099m

This includes the budget areas of Structural and Capitalised Maintenance (to all non-schools assets), and the School Demolition Programme.

The final outturn figure comprises of over 90 schemes.

Major schemes completed in 2015/2016 included:

Capitalised Maintenance Schemes:

- Reroofing of Crook Civic Centre.
- Reroofing of Stainton Grove Teesdale Depot office block.
- Replacement of external cladding to Tanfield Lea Business Centre.
- Renewal of internal gutters and lift at Chilton Depot.
- Major Refurbishment works at Newton Aycliffe Leisure Centre including internal alterations to changing rooms.
- Legionella works in Spennymoor Leisure Centre, Abbey Leisure Centre and Freemans Quay Leisure centre.
- Boiler plant replacement at The Gala Theatre.
- Brickwork repairs and repointing works and renewal of floors in Seaham Youth Centre.
- Demolition of 3 old units in Stainton Grove Industrial Estate.
- Demolition of various redundant toilets and storage buildings in Stanhope Crosshill Cemetery, Bishop Auckland Cemetery, Esh Winning Cricket Pavilion site.

- Demolition of 11 and 12 Brough Close on Aycliffe Young Peoples School site.
- Demolition of The Dene Community Centre in Meadomsley.
- Demolition of Peterlee Shinwell Centre due to fire damage.
- Demolition of the Cubby in Newton Aycliffe Leisure Centre.
- Access improvement works in Newton Aycliffe Leisure Centre including provision of accessible changing facilities.
- New Automatic Detection System at Hartside Primary.
- Fire alarm installation at Bishop Auckland Town Hall, Durham Community Business College and Seaham Harbour Nursery School.
- Fire Alarm and emergency lighting installation at Broom Cottages Primary and Woodland Primary.
- Emergency lighting at Lumley Junior School.
- Fire safety works at Chilton Depot

School Demolition Programme:

Demolition works have progressed to varying stages on 13 school sites. 5 schemes are now complete, as below, however at some locations there have been delays in obtaining DfE approval and vacating the sites which has delayed design and tendering processes.

- Stanley
- Tudhoe - Charles Road
- Tudhoe - Durham Road
- Demolition of Roseberry Community College in Pelton
- Demolition of Ouston Infant School

Woodham CTC - Actual Spend £nil

The acquisition of 1.98 hectares of land at Woodham Community Technology College is on hold pending the outcome of a Playing Pitch Strategy by the Sports Council.

Minor (P&A) Schemes - Actual Spend £0.097m

Cobblers Hall Surface Water Drainage:

Drainage installation and earthworks to improve the holding pond nature reserve in Cobblers Hall development site, Newton Aycliffe are complete.

Mines & Minerals Rights:

Payment negotiated with the Church Commissioners to permit a DVR site in Bowburn to be developed.

Holliday Park, Langley Moor - Play Area:

Installation of the new play area is now complete.

War Memorials:

The programme included refurbishment works at Annfield Plain, South Moor, Leasinghorne, Iveston, Leadgate, Medomsley, Bishop Auckland and St Johns Chapel.

Local Transport Plan - Actual Spend £2.421m

LTP covers a wide range of transport schemes and is split into three areas, Sustainable Travel, Economic/Transport Corridors and Whole-Town Approach.

Sustainable Travel - Focuses on alternative modes of transport to the private car and improving information for transport users.

This has involved bus infrastructure improvements, new and improved walking and cycling routes, road casualty reduction schemes and supporting the Community Transport sector. Improving driver information, developing Urban Traffic Control, electric vehicle infrastructure and rail station improvement works have also taken place. The Local Sustainable Transport Fund programme has been supported with match funding to provide facilities at schools and workplaces being engaged in the projects.

Economic/Transport Corridors - Involves the improvement to the principal road network and major transport routes throughout the county.

Works this year have included improvements to the A177/B1278 Junction at Sedgefield, further design and assessment works for Durham Western Relief Road and advance works for A688 Thinford Widening.

Cycling Super Route schemes have included the completion of A690 West Rainton to Carrville Phase 1 along with the development and advance vegetation clearance for A167 Riverside to Hermitage Roundabout and A167 Sunderland Bridge Link schemes.

Whole-Town Approach - looks at the twelve main settlements in the county, aiming to improve transport to regenerate the town and attract businesses. Schemes that have been undertaken this year include improvements to Peterlee bus station, CCTV installation at Bishop Auckland bus station, advance works at Bishop Auckland Market Place and completion of payments for Chester-le-Street Leisure Centre car park.

In addition LTP contributed funding to the Spennymoor A688 subway improvements.

Transport Corridors - Actual Spend £1.303m

There were two active schemes in 2015/2016:

- A167/A693 Northlands Roundabout Signalisation - Following completion of the scheme in 2014/2015, additional works were carried out following a further safety audit of the scheme.
- A167/B6300 Sunderland Bridge Roundabout - construction of the scheme was completed and the roundabout opened to traffic.

Transport Major Schemes - Actual Spend £9.638m

There has been works carried out on a number of major capital transport schemes across the county in 2015/2016.

Shildon to Newton Aycliffe Cycleway:

The route was opened last financial year and the next phase of works in association with Network Rail is expected to take place in 2017/2018. This year, an interpretation panel was installed along with route signage along with feasibility of crossing point options at Spout Lane.

Horden (Peterlee) Railway Station:

Network rail feasibility study related to site selection is now complete. This has identified two viable sites, with consultation and demand forecasting, to identify the favoured site early in the new financial year.

Demand forecasting work nearing completion, with feedback given to the rail operator and Rail North.

Progression into GRIP Stage 3 to progress in Spring 2016.

Highington Railway Station:

Design of the shared-use route linking Highington Rail Station to the Hitachi development and the existing cycle network around Newton Aycliffe was progressed. Construction of the route commenced with completion to be in 2016/2017.

Villa Real:

Advanced utility diversion works undertaken. Detailed design for this major highway improvement scheme has been amended following ground investigations and findings, with works to recommence early in the new financial year.

Local Pinch Point - Chester-le-Street A167:

Construction of the scheme was completed including additional resurfacing works in conjunction with Aone+.

Durham City Urban Traffic Control:

Construction work commenced on the reconfiguration of Gilesgate roundabout with completion expected in May 2016. Design works and investigations continued for Leazes Bowl Roundabout reconfiguration with construction to commence early 2016/2017.

Pelaw Woods - Land Slip:

Stabilisation works took place to restore the embankment and footpath. A further slip took place in February 2016 delaying the completion of the scheme further into next financial year. A subsequent amended design and programme is being determined.

Forrest Park - Power & Junction:

Power requirements established for the projected floor uses, with an independent connections provider appointed for the contestable elements, following a tender. Detailed design and procurement of materials are to commence early in the 2016/2017 financial year. Payment for non-contestable elements made to the distribution network operator, with detailed design early in the new financial year.

Detailed design complete for the highways elements and loading requirements determined for other utilities, including gas and foul. Ground investigations are to commence early in the new financial year, which will help inform the tender for the ground re-profiling exercise.

Forrest Park (JV):

Joint Venture and related board set up involving Durham County Council officers and land owners of the wider site. The board will provide governance related to the progress of the enabling works and inform decisions of the development of the wider site.

Dalton Park Phase 2 - Traffic Signals:

Construction works, external to DCC, to upgrade two junctions as part of the Dalton Park Phase 2 development were underway this year with completion due in 2016/2017. As part of the works to the junctions, traffic signals are being introduced. The signals have been installed but will not be connected until early 2016/2017.

Durham Rail Station Gateway Improvements:

The works carried out this initial year of the project involved completion of the detailed design, vegetation clearance, ground investigations and geotechnical works. This will allow the construction of both the new and improved routes in 2016/2017.

Schemes in Development:

Durham Bus Station:

Preliminary design work and traffic modelling are nearing completion in coordination and liaison with the bus operators. Upon approval, detailed design work would advance for the highways and building elements. A Cabinet update and public consultation will follow.

Discussions are ongoing regarding necessary building acquisitions.

Sherburn Road Retail Link Road

The preliminary design of the highway route is complete. A developer is reviewing the new building layout and car parking arrangements, which will inform the highways detailed design.

Transit 15 - Actual Spend £0.039m

Further real time information displays and brackets were purchased in advance of expanding the number of on-street real-time displays.

CCTV - Actual Spend £0.027m

Care Connect have reviewed the connectivity of the former Sedgefield public space cameras and are replacing the costly Redcare lines with Next Generation access lines. Due to delays with BT this has not been completed within the financial year, however 50% of the cameras have now been transferred to the new lines and the project will be completed in July/August 2016. Once works are complete revenue budget savings will be generated.

Minor (T&CS) Schemes - Actual Spend £0.215m

Intercom Purchases - Supported Housing:

Care Connect have a programme of intercom replacement for their vulnerable customers. As a new charging mechanism will be implemented from April 2016, for all of the customers on the service, the installation of new intercoms has been delayed until the final numbers of customers receiving the service can be confirmed in June 2016. 1,683 units have however been purchased in advance of the replacement programme commencing in June/July 2016.

Economy and Enterprise Overview and Scrutiny Committee

26 September 2016



Regeneration and Economic Development Service – Quarter 1: Forecast of Revenue and Capital Outturn 2016/17

Joint Report of Corporate Director – Regeneration and Economic Development and Interim Corporate Director - Resources

Purpose of the Report

1. To provide details of the forecast outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget based on the position to the end of June 2016.

Background

2. County Council approved the Revenue and Capital budgets for 2016/17 at its meeting on 24 February 2016. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the RED service grouping:
 - *RED Revenue Budget - £26.113 million (original £25.257 million)*
 - *RED Capital Programme – £34.226 million (original £33.523 million)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Cost of 2016-17 pay award +£231,000
 - Lone Working adjustment +£50,000
 - Use of Office Accommodation Support Reserve +£575,000

The revised General Fund Budget now stands at £26.113 million.

4. The summary financial statements contained in the report cover the financial year 2016/17 and show: -
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the RED revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The service is reporting a cash limit underspend of **£0.299 million** against a revised budget of **£26.113 million**.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis (£'000)

	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	28,113	8,423	28,265	152	(258)	(106)
Premises	4,565	1,288	5,128	563	(10)	553
Transport	894	140	886	(8)	0	(8)
Supplies and Services	7,080	1,225	7,406	326	(358)	(32)
Agency and Contracted	19,266	5,139	19,354	88	32	120
Transfer Payments	95	0	95	0	0	0
Central Costs	10,697	272	10,873	176	(50)	126
GROSS EXPENDITURE	70,710	16,487	72,007	1,297	(644)	653
INCOME	(44,597)	(13,002)	(45,449)	(852)	(100)	(952)
NET EXPENDITURE	26,113	3,485	26,558	445	(744)	(299)

Analysis by Head of Service (£'000)

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Strategy Programmes Performance	1,741	661	1,676	(65)	(110)	(175)
Economic Development & Housing	6,493	648	6,289	(204)	(434)	(638)
Planning & Assets	5,439	1,904	5,876	437	(164)	273
Transport & Contracted	2,059	247	2,332	273	(36)	237
Central Managed Costs	10,381	26	10,385	4	0	4
NET EXPENDITURE	26,113	3,486	26,558	445	(744)	(299)

7. Attached in the table below is a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. concessionary fares) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under) / Overspend £'000	(Under) / Overspend £'000
Strategy Programmes Performance	Strategy, Policy, Partnerships & Support	Staff vacancy savings	(92)	(175)
	County Durham Economic Partnership	Minor Variance	3	
	Planning & Performance	Staff vacancy savings	(52)	
	Funding and Programmes	Staff vacancy savings	(34)	
Economic Development & Housing	Head of Economic Development	Minor variance	(5)	(638)
	Physical Development	£6k minor staffing savings £100k Chapter Homes SLA income	(106)	
	Visit County Durham	£74k staffing vacancies	(74)	
	Business Durham	£17k over budget on running expenses £157k over recovery of income Business Space	(140)	
	Economic Development	£59k under budget on employee costs £11k over budget on supplies and services £65k under recovery in income in employment and skills	17	
	Housing Solutions	£124k under budget on Gypsy Roma Traveller (GRT) sites from rents and supplies and services. £207k under budget due to staff vacancies and a planned under spend on supplies and services (ahead of 2017/18 MTFP savings)	(330)	
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Minor variance	(2)	
	Spatial Policy	Agreed over budget on Local Development Framework	292	
	Development Management	£119k under budget on employees £120k overachieved income planning fees	(239)	
	Building Control	£86k under budget on employees £38k under budget on supplies and services £60k underachieved building control fee income	(58)	

Head of Service	Service Area	Description	(Under) / Overspend £'000	(Under) / Overspend £'000
	Environment & Design	£69k under budget on employees £27k under budget other areas	(96)	
	Asset Management	£22k over budget on employees £354k under achieved income and rates relating to Newgate Street, Brackenhill, Millennium Place	376	273
Transport	Head of Transport	£16k over budget on supplies and services including £11k legal fees re Durham Tees Valley Airport (DTVA)	16	
	Traffic	£213k under budget on income, mainly due to parking income £29k over budget on supplies and services	242	
	Sustainable Transport	£20k over budget on employees £3k under budget on supplies services £46k under budget on income mainly due to reduced concessionary fare boardings impacting on income generated during peak time travel	63	
	Supported Housing	£104k over budget on employee costs mainly due to 24/7 cover for holidays and sickness £186k over budget on income from retained clients £69k and additional SLA income £119k	(84)	237
Central	Central Costs	Minor Variance	4	4
TOTAL				(299)

8. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the MTFP savings required in 2016/17 which amount to £1.118 million.

Capital Programme

11. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 138 schemes managed by around 23 project delivery officers.

12. The Regeneration and Economic Development capital programme was revised at Outturn for budget rephased from 2015/16. This increased the 2016/17 original budget. Further reports to the MOWG in May and June detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£34.226 million**.
13. Summary financial performance to the end of June is shown below.

Service	Original Annual Budget 2016/17 £000	Revised Annual Budget 2016/17 £000	Actual Spend to 30 June £000	Remaining Budget £000
Economic Dev & Housing	14,767	15,469	2,000	13,469
Planning & Assets	7,494	7,492	1,531	5,961
Transport & Contracted	11,012	11,015	1,954	9,061
Strategy & Programmes	250	250	0	250
Total	33,523	34,226	5,485	28,741

14. Actual spend for the first three months amounts to **£5.485 million**. **Appendix 2** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.
15. The key areas of spend to date have been on Disabled Facilities Grants (£0.758 million), Structural Capitalised Maintenance (£1.379 million), and the Transport Major Schemes (£1.598 million). Other areas of the programme are profiled to be implemented during the remainder of the year it is anticipated that the projected outturn at 31 March 2017 will be in line with the revised budget.
16. At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

Recommendations:

17. The Scrutiny Committee is requested to note the contents of this report.

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: RED Capital Programme 2016-17

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 June £000	Remaining Budget £000
General Fund				
Economic Development & Housing				
Barnard Castle Vision	243	51	24	219
Durhamgate	50	0	1	49
Industrial Estates	3,509	103	292	3,217
North Dock, Seaham	767	0	0	767
Office Accommodation	1,808	134	134	1,674
Town Centres	2,366	81	77	2,289
Minor Schemes	214	47	47	168
Disabled Facilities Grant /FAP (1)	3,294	687	758	2,536
Gypsy Roma Travellers	99	0	-2	101
Housing Renewal	918	104	99	819
Chapter Homes	2,200	770	570	1,630
Planning & Assets				
Renewable Energy Schemes	443	28	66	377
Structural Capitalised Maintenance	6,673	858	1,379	5,294
Minor Schemes	377	62	86	290
Transport & Contracted Services				
Local Transport Plan	3,359	265	315	3,044
Transport Corridors	0	31	31	-31
Transport Major Schemes	7,546	955	1,598	5,948
Transit 15	15	9	9	6
CCTV	60	1	1	59
Minor Schemes	35	0	0	35
Strategy & Programmes Minor Schemes	250	0	0	250
RED Total	34,226	4,186	5,485	28,741

(1) Financial Assistance Programme

This page is intentionally left blank

**Economy and Enterprise
Overview and Scrutiny Committee**

26 September 2016



**Quarter One 2016/17
Performance Management Report**

Report of Corporate Management Team

**Lorraine O'Donnell, Director of Transformation and Partnerships
Councillor Simon Henig, Leader**

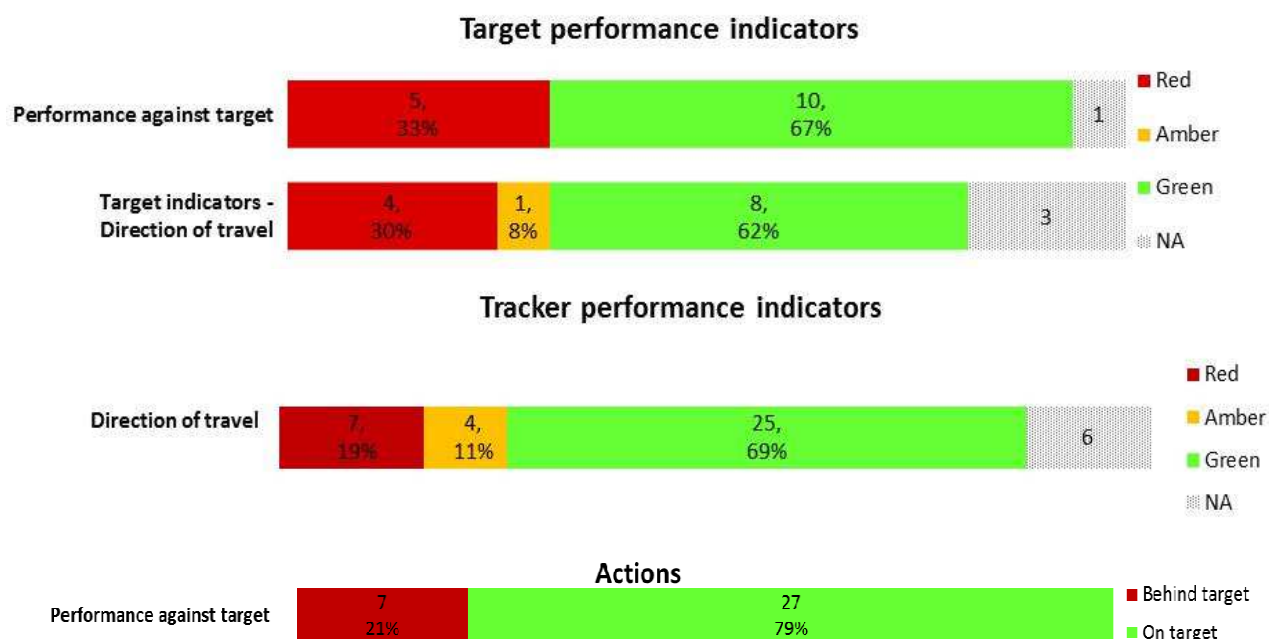
Purpose of the Report

1. To present progress against the council's corporate basket of performance indicators (PIs), Council Plan and service plan actions and report other performance issues for the first quarter of the 2016/17 financial year, covering the period April to June 2016.

Background

2. The report sets out an overview of performance and progress by Altogether priority theme. Key performance indicator progress is reported against two indicator types which comprise of:
 - a. Key target indicators – targets are set for indicators where improvements can be measured regularly and where improvement can be actively influenced by the council and its partners (see Appendix 3, table 1); and
 - b. Key tracker indicators – performance will be tracked but no targets are set for indicators which are long-term and/or which the council and its partners only partially influence (see Appendix 3, table 2).
3. Work has been undertaken by all services to develop a revised 2016/17 corporate set of indicators. This set of indicators is based around our Altogether priority themes and will be used to measure the performance of both the council and the County Durham Partnership
4. During the year a review will be undertaken to improve performance reporting, including streamlining reports and strengthening reporting of children's social care in line with OFSTED recommendations.
5. The corporate performance indicator guide has been updated to provide full details of indicator definitions and data sources for the 2016/17 corporate indicator set. This is available to view either internally from the intranet (at Councillors useful links) or can be requested from the Corporate Planning and Performance Team at performance@durham.gov.uk.

Altogether Wealthier: Overview



Council Performance

6. Key achievements this quarter include:

- a. Processing of planning applications have improved from the same period last year following more consistent use of extensions to planning performance agreements (Appendix 4, charts 1 and 2):
 - 96.7% of major applications were processed within timescales against a target of 80% and performance of 64.7% last year.
 - 92.7% of overall planning applications were achieved within timescales against a target of 90% and performance of 86.7% last year.
- b. As a result of council intervention 128 private sector properties were improved, in line with the target (128) and more than the same period last year (98).
- c. The number of affordable homes delivered (38) exceeded the quarterly target (10), although less homes were completed than in quarter one 2015/16 (50) due to legislation changes reducing grant levels.
- d. Occupancy of Business Durham floor space (86.05%) continues to exceed target (81%). Performance has improved from 83% for the same period last year although it has fallen slightly from 87.5% last quarter. Industrial properties and small offices are in demand but demand for larger offices remains subdued. Business Durham is looking at a range of options such as splitting larger units into smaller spaces to accommodate demand, as new applicants tend to be small businesses. Due to Business Durham's pro-active approach, there is greater demand for units, making it easier to find new tenants.

- e. Business Durham activity has created/safeguarded 1,387 potential jobs this quarter, including 1,200 at a new contact centre for Res Q in Seaham. The annual target of 1,380 has been achieved.
- f. The number of visitors to the thisisdurham website has increased 33.6% from 203,089 in quarter one 2015/16 to 271,259 this quarter, exceeding the quarterly target of 250,000. This is the second highest number of visitors to the website in the past eight years and may be due to Kynren, target promotion by Visit County Durham, wider world events influencing tourism activity and the launch of a new partnership scheme with local businesses, which went live on 1 April. 67 businesses representing 162 tourism products including attractions, accommodation and food and drink establishments, have signed up to the scheme. Targeted sales plans focused on specific sectors are in development to drive the scheme forward.
- g. Tracker indicators show:
 - i. The number of net homes completed increased from 246 during quarter four 2015/16 to 336 this quarter, which is in line with the same period last year (330). There was also a slight rise in Durham City from 20 homes both last quarter and in quarter one 2015/16 to 22 this quarter. Completions in or near major settlements increased from 39% (130) at quarter one 2014/15 to 48% (163) this quarter.
 - ii. There were 363 homelessness preventions, in line with last quarter (357) but significantly higher than quarter one 2015/16 (276). Acceptances of a statutory homelessness duty have increased from 36 in quarter one 2015/16 and 28 last quarter to 48 this quarter.
- h. Key Council Plan actions that have made progress are as follows:
 - i. Work continues to support the delivery of Auckland Castle Trust's projects. The realignment of the public highway in the Market Place is due to be complete by the end of August and the construction of the welcome building and observation tower is due to start in September 2016. Eleven Arches' event, Kynren, has been taking place over the summer and the council have been working with the Eleven Arches Trust, the Town Team and Auckland Castle Trust to ensure Bishop Auckland town centre benefits from the visitors.
 - ii. Delivery of the Chapter Homes Business Plan 2015 - 2019 has commenced with the Eden Field development at Newton Aycliffe progressing in line with the programme of works and the first units have been completed. Properties have been presented to the market and the first reservation has been secured. Detailed site investigation work is ongoing regarding the Chester-le-Street site and planning submission is expected in September 2016.

7. The key performance improvement issues for this theme are:

- a. The number of apprenticeship starts through council schemes fell significantly from 357 in 2014/15 to 74 during 2015/16, 19 of whom were between January and March 2016 (latest data). The annual target of 200 was not achieved. Confirmation of additional funding has been received and the number of starts is already increasing, therefore there will be a noticeable increase in future quarters. 75.8% (735) of apprenticeships through council schemes have been sustained at least 15 months. At 31 March 2016, 10.9% of 16 to 18 year olds were in an apprenticeship which is slightly less than at the same period last year (11.5%) however is in line with the North East (10.9%) and higher than the England (7.3%) rates.
- b. There were 29 empty properties brought back into use through the empty homes programme which was in line with the target (30) although less than the same period last year (65). This was due to reduced funding and amendment of the Financial Assistance Policy which now requires landlords to be a member of the Accreditation Scheme prior to applying for a loan. However landlords who receive loans are committed to working with the council and maintaining satisfactory management and property standards. As 99 properties are due to be brought back into use, the annual target is expected to be achieved.
- c. Tracker indicators show:
 - i. The employment rate improved from 67.4% (238,000 people) for 2015 to 69% (232,100 people) for April 2015 to March 2016 and is now at the highest level since 2008/09 (69.3%). However this rate remains worse than the England (73.9%) and North East (69.5%) averages. The number of people not in work who want a job also showed significant improvement from 38,800 (11.8% of the working age population) to 35,600 (10.9%) for the same periods. This is now better than the North East rate (11.6%) but remains worse than the England rate (9.4%).
 - ii. There is a substantial reduction in the number of Job Seeker's Allowance (JSA) claimants who claimed for 12 months or more, from 1,920 at quarter one 2015/16 to 1,615 this quarter. However, due to the overall reduced number of claimants, the proportion of long term claimants has increased from 27.2% to 29.9%. Since September, new claimants who would previously have claimed JSA and are single with no children or dependants will be claiming Universal Credit but this will not yet have impacted on the number of long term claimants.
 - iii. The number of 18 to 24 year olds who are out of work and claiming either Universal Credit or JSA (1,855) is in line with the same period last year (1,890) and represents 3.6% of the resident population aged 18 to 24. This is better than the North East (4.3%) but worse than the England rate (2.7%).
 - iv. The amount that individuals have available for spending or saving (gross disposable income per head) increased from £14,693 in 2013 to £15,040 in 2014 (latest provisional data). This remains below the North East rate (£15,189) and significantly below the England rate (£17,965).

- d. The key Council Plan actions which have not achieved target in this theme include:
- i. Defining and agreeing a proposal for North Road is delayed from March 2017 until June 2017 due to extended negotiations with stakeholders, resulting in a number of design changes.
 - ii. Delivery of the traffic flow improvements in Durham City is delayed from September 2017. A new target date has not yet been agreed as the target date for preparatory works for the A1(M)/A690 junction improvements needs to be considered further in line with short term growth forecasts and the ongoing County Durham Plan work.
 - iii. The delivery of access improvements to Durham Rail station is delayed from October 2016 until March 2017 due to interruptions in ground investigation work.
 - iv. Securing a developer for the North East Industrial Estate in Peterlee is delayed from October 2016 until July 2017. Further work is being undertaken on ground investigations and development strategy. Land assembly work is ongoing and there are several sites left to acquire.
8. There are no key risks which require any mitigating action in delivering the objectives of this theme.

Recommendations and Reasons

9. That the Economy and Enterprise Overview and Scrutiny Committee receive the report and consider any performance issues arising there with.

Contact:	Jenny Haworth, Head of Planning and Performance
Tel:	03000 268071 E-mail: jenny.haworth@durham.gov.uk

Appendix 1: Implications

Finance - Latest performance information is being used to inform corporate, service and financial planning.

Staffing - Performance against a number of relevant corporate health Performance Indicators (PIs) has been included to monitor staffing issues.

Risk - Reporting of significant risks and their interaction with performance is integrated into the quarterly monitoring report.

Equality and Diversity / Public Sector Equality Duty - Corporate health PIs are monitored as part of the performance monitoring process.

Accommodation - Not applicable

Crime and Disorder - A number of PIs and key actions relating to crime and disorder are continually monitored in partnership with Durham Constabulary.

Human Rights - Not applicable

Consultation - Not applicable

Procurement - Not applicable

Disability Issues - Employees with a disability are monitored as part of the performance monitoring process.

Legal Implications - Not applicable

Appendix 2: Key to symbols used within the report

Where icons appear in this report, they have been applied to the most recently available information.

Performance Indicators:

Direction of travel/benchmarking

Same or better than comparable period/comparator group

GREEN

Worse than comparable period / comparator group (within 2% tolerance)

AMBER

Worse than comparable period / comparator group (greater than 2%)

RED

Performance against target

Meeting/Exceeding target

Getting there - performance approaching target (within 2%)

Performance >2% behind target

National Benchmarking

We compare our performance to all English authorities. The number of authorities varies according to the performance indicator and functions of councils, for example educational attainment is compared to county and unitary councils however waste disposal is compared to district and unitary councils.

North East Benchmarking

The North East figure is the average performance from the authorities within the North East region, i.e. County Durham, Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar and Cleveland, Stockton-on-Tees, South Tyneside, Sunderland. The number of authorities also varies according to the performance indicator and functions of councils.

Nearest Neighbour Benchmarking:

The nearest neighbour model was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), one of the professional accountancy bodies in the UK. CIPFA has produced a list of 15 local authorities which Durham is statistically close to when you look at a number of characteristics. The 15 authorities that are in the nearest statistical neighbours group for Durham using the CIPFA model are: Barnsley, Wakefield, Doncaster, Rotherham, Wigan, Kirklees, St Helens, Calderdale, Dudley, Northumberland, Tameside, Sheffield, Gateshead, Stockton-on-Tees and Stoke-on-Trent.

We also use other neighbour groups to compare our performance. More detail of these can be requested from the Corporate Planning and Performance Team at performance@durham.gov.uk.

Actions:

WHITE

Complete (action achieved by deadline/achieved ahead of deadline)

GREEN

Action on track to be achieved by the deadline

RED

Action not achieved by the deadline/unlikely to be achieved by the deadline

Appendix 3: Summary of Key Performance Indicators

Table 1: Key Target Indicators

Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier											
1	REDPI 106	Percentage of properties let from Durham County Council's retail, commercial and investment portfolio	80.00	As at Jun 2016	80.00	GREEN	82.00	RED			
2	REDPI33	Percentage of Business Durham floor space that is occupied	86.05	As at Jun 2016	81.00	GREEN	83.00	GREEN			
3	REDPI76	Income generated from Business Durham owned business space (£)	765,000	Apr - Jun 2016	782,500	RED	736,379	GREEN			
4	REDPI64	Number of passenger journeys made on the Link2 service	7,815	Apr - Jun 2016	7,500	GREEN	7,583	GREEN			
5	REDPI81	Percentage of timetabled bus services that are on time	88.8	Apr - Jun 2016	88.0	GREEN	90.0	AMBER			
6	REDPI75	Overall proportion of planning applications determined within deadline	92.7	Apr - Jun 2016	90.0	GREEN	86.7	GREEN			
7	REDPI 10ai	Number of affordable homes delivered	38	Apr - Jun 2016	10	GREEN	50	RED			
8	REDPI 29a	Number of private sector properties improved as a direct consequence of local authority intervention	128	Apr - Jun 2016	128	GREEN	98	GREEN			

Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
9	REDPI30	Number of empty properties brought back into use as a result of local authority intervention	29	Apr - Jun 2016	30	RED	65	RED			
10	REDPI62	Number of apprenticeships started through Durham County Council schemes	74	2015/16	200	RED	357	RED			
11	CASAW 2	Overall success rate (%) of adult skills funded provision	93.2	2014/15 ac yr (final)	88.0	GREEN	87.0	GREEN	87.0 GREEN	84.7* GREEN	2014/15 ac yr (final)
12	REDPI 103	Number of full time equivalent jobs created through business improvement funding	68.5	2015/16	Not set	RED	New indicator	NA			
13	REDPI 41b	Percentage of major planning applications determined within 13 weeks [1]	96.7	Apr - Jun 2016	80.0	GREEN	64.7	GREEN	82.0 GREEN	92** GREEN	Jan - Mar 2016
14	REDPI92	Number of gross potential jobs created or safeguarded as a result of Business Durham activity	1,387	Apr - Jun 2016	NA	NA [2]	164	NA			
15	REDPI 104	Number of businesses supported through business improvement funding	41	2015/16	52	RED	New indicator	NA			
16	REDPI91	Number of visitors to the thisisdurham website	271,259	Apr - Jun 2016	250,000	GREEN	203,089	GREEN			

[\[1\] Data 12 months earlier amended](#)

[\[2\] Target is an annual target](#)

Table 2: Key Tracker Indicators

Page 94 Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier											
72	REDPI3	Number of net new homes completed in Durham City	22	Apr - Jun 2016	101	NA [3]	20	GREEN			
73	REDPI 22	Percentage of households within County Durham that can access Durham City market place by 8.30am, using public transport with a total journey time of one hour, including walking time	74.1	As at Jun 2016	72.5	GREEN	Not reported	NA [4]			
74	REDPI 38	Number of passenger journeys recorded by the operator of the three Durham City Park and Ride sites	244,205	Apr - Jun 2015	248,255	AMBER	263,432	RED			
75	REDPI 80	Percentage annual change in the traffic flow through Durham City	Not available	NA	Not available	NA [5]	Not reported	NA [5]			
76	REDPI 100	Number of visitors to County Durham (million)	18.1	2014	17.9	GREEN	17.9	GREEN			
77	REDPI 101	Number of jobs supported by the visitor economy	10,803	2014	10,899	AMBER	10,899	AMBER			
78	REDPI 102	Amount (£ million) generated by the visitor economy	752	2014	728	GREEN	728	GREEN			
79	REDPI 97a	Occupancy rates for retail units in Barnard Castle town centre (%)	92	As at Mar 2016	91	GREEN	91	GREEN	91.3 GREEN		As at Jan 2016

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
80	REDPI 97b	Occupancy rates for retail units in Bishop Auckland town centre (%)	81	As at Mar 2016	80	GREEN	80	GREEN	91.3 RED		As at Jan 2016
81	REDPI 97c	Occupancy rates for retail units in Chester-le-Street town centre (%)	90	As at Mar 2016	87	GREEN	87	GREEN	91.3 AMBER		As at Jan 2016
82	REDPI 97d	Occupancy rates for retail units in Consett town centre (%)	92	As at Mar 2016	93	AMBER	93	AMBER	91.3 GREEN		As at Jan 2016
83	REDPI 97e	Occupancy rates for retail units in Crook town centre (%)	89	As at Mar 2016	90	AMBER	90	AMBER	91.3 RED		As at Jan 2016
84	REDPI 97f	Occupancy rates for retail units in town centre - Durham City (%)	92	As at Mar 2016	91	GREEN	91	GREEN	91.3 GREEN		As at Jan 2016
85	REDPI 97g	Occupancy rates for retail units in Newton Aycliffe town centre (%)	73	As at Mar 2106	67	GREEN	67	GREEN	91.3 RED		As at Jan 2016
86	REDPI 97h	Occupancy rates for retail units in Peterlee town centres (%)	83	As at Mar 2016	86	RED	86	RED	91.3 RED		As at Jan 2016
87	REDPI 97i	Occupancy rates for retail units in Seaham town centre (%)	95	As at Mar 2016	94	GREEN	94	GREEN	91.3 GREEN		As at Jan 2016
88	REDPI 97j	Occupancy rates for retail units in Shildon town centre (%)	92	As at Mar 2016	89	GREEN	89	GREEN	91.3 GREEN		As at Jan 2016
89	REDPI 97k	Occupancy rates for retail units in Spennymoor town centre (%)	87	As at Mar 2016	88	AMBER	88	AMBER	91.3 RED		As at Jan 2016
90	REDPI 97l	Occupancy rates for retail units in Stanley town centre (%)	89	As at Mar 2016	88	GREEN	88	GREEN	91.3 RED		As at Jan 2016

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
91	REDPI72	Number of local passenger journeys on the bus network	5,849,532	Jan - Mar 2016	6,178,522	RED	5,832,051	GREEN			
92	REDPI 10b	Number of net homes completed	336	Apr - Jun 2016	1,343	NA [3]	330	GREEN			
93	REDPI24	All homes completed in and near all major settlements, as defined in the County Durham Plan, as a proportion of total completions	48	Apr - Jun 2016	54	RED	39	GREEN			
94	REDPI34	Total number of applications registered on the Durham Key Options system which led to the household being successfully rehoused	1,099	Apr - Jun 2016	1,199	RED	1,217	RED			
95	REDPI 36d	Number of clients accessing the Housing Solutions Service	3,946	Apr - Jun 2016	New definition	NA [6]	New definition	NA [6]			
96	REDPI 36c	Number of clients who have accessed the Housing Solutions Service where there has been an acceptance of a statutory homelessness duty	48	Apr - Jun 2016	28	RED	36	RED			
97	REDPI 36a	Number of clients who have accessed the Housing Solutions Service and for whom homelessness has been prevented	363	Apr - Jun 2016	357	GREEN	276	GREEN			

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
98	REDPI40	Proportion of the working age population defined as in employment	69.0	Apr 2015 - Mar 2016	67.4	GREEN	68.5	GREEN	73.9 RED	69.5* AMBER	Apr 2015 - Mar 2016
99	REDPI73	Number of the working age population currently not in work who want a job	35,600	Apr 2015 - Mar 2016	38,800	GREEN	43,200	GREEN			
100	REDPI8b	Proportion of all Jobseeker's Allowance (JSA) claimants that have claimed for one year or more	29.90	As at Jun 2016	27.73	RED	27.20	RED			
101	REDPI7a	Number of 18 to 24 year olds who are out of work and claiming either Universal Credit or Job Seekers Allowance (JSA) [7]	1,855	As at Jun 2016	2,020	GREEN	1,890	GREEN			
102	CASCYP 16	Percentage of 16 to 18 year olds who are not in education, employment or training (NEET) (Also in Altogether Better for Children and Young People)	6.1	Apr - Jun 2016	5.9	RED	6.3	GREEN			
103	CASAW 3	Percentage of 16 to 18 year olds in an apprenticeship	10.9	As at Mar 2016	10.8	GREEN	11.5	RED	7.3 GREEN	10.9* GREEN	As at Mar 2016
104	REDPI 105	Number of apprenticeships from Durham County Council schemes sustained at least 15 months	735	As at Jun 2016	699	GREEN	393	GREEN			

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
105	REDPI87	Gross Value Added (GVA) per capita in County Durham (£)	15,165	2013	14,114	GREEN	14,114	GREEN	25,367 RED	18216* RED	2013
106	REDPI88	Per capita gross household disposable income (£) [1] [7]	15,040	2014 (provisional)	14,693	GREEN	14,693	GREEN	17,965 RED	15189* AMBER	2014
107	REDPI89	Number of registered businesses in County Durham	16,400	2015/16	15,155	GREEN	15,155	GREEN			
108	REDPI66	Number of businesses engaged with Business Durham	1,238	2015/16	1,134	GREEN	1,134	GREEN			
109	REDPI93	Number of business enquiries handled by Business Durham	1,129	2015/16	1,202	RED	1,202	RED			
110	REDPI90	Percentage change in the number of visitors to the core attractions in County Durham compared to the previous year	10.08	Apr - Sep 2015	-9.7	GREEN	-9.7	GREEN			
111	REDPI 110	Number of core tourism businesses participating in the Visit County Durham Partnership Scheme	67	Apr - Jun 2016	New indicator	NA	New indicator	NA			
112	REDPI 111a	Amount of employment land approved (hectares)	Reported Q2	NA	New indicator	NA	New indicator	NA			
113	REDPI 111b	Amount of employment land completed (hectares)	Reported Q2	NA	New indicator	NA	New indicator	NA			

[1] Data 12 months earlier amended (final published data)/refreshed

[2] Target is an annual target

[3] Data cumulative so comparisons are not applicable

[4] Unable to calculate Q1 2015/16 as system was awaiting IT upgrade

[5] Unable to calculate Q4 2014/15 data due to a damaged traffic loop. Current information is not available due to roadworks

[6] Due to changes to the definition data are not comparable/available

[7] Previous period data amended /refreshed / final published data

Appendix 4: Volume Measures

Chart 1 – Major planning applications

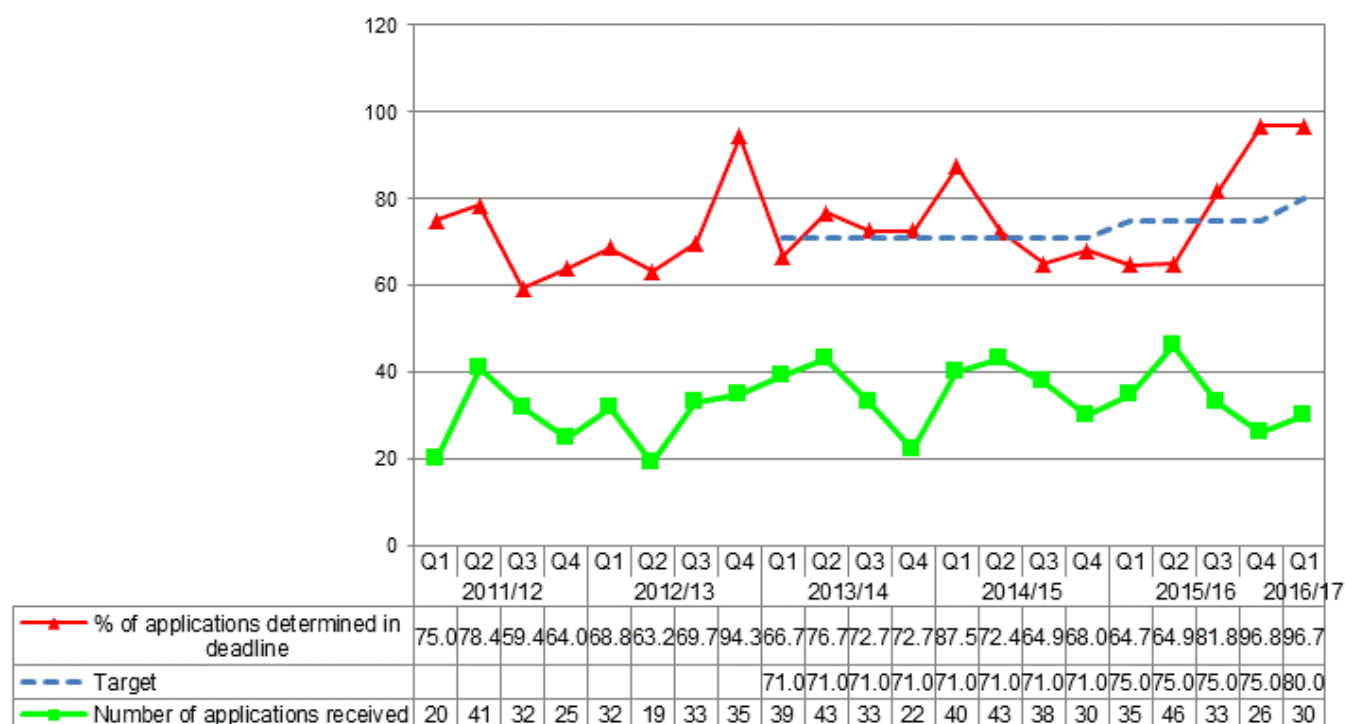


Chart 2 – Overall planning applications

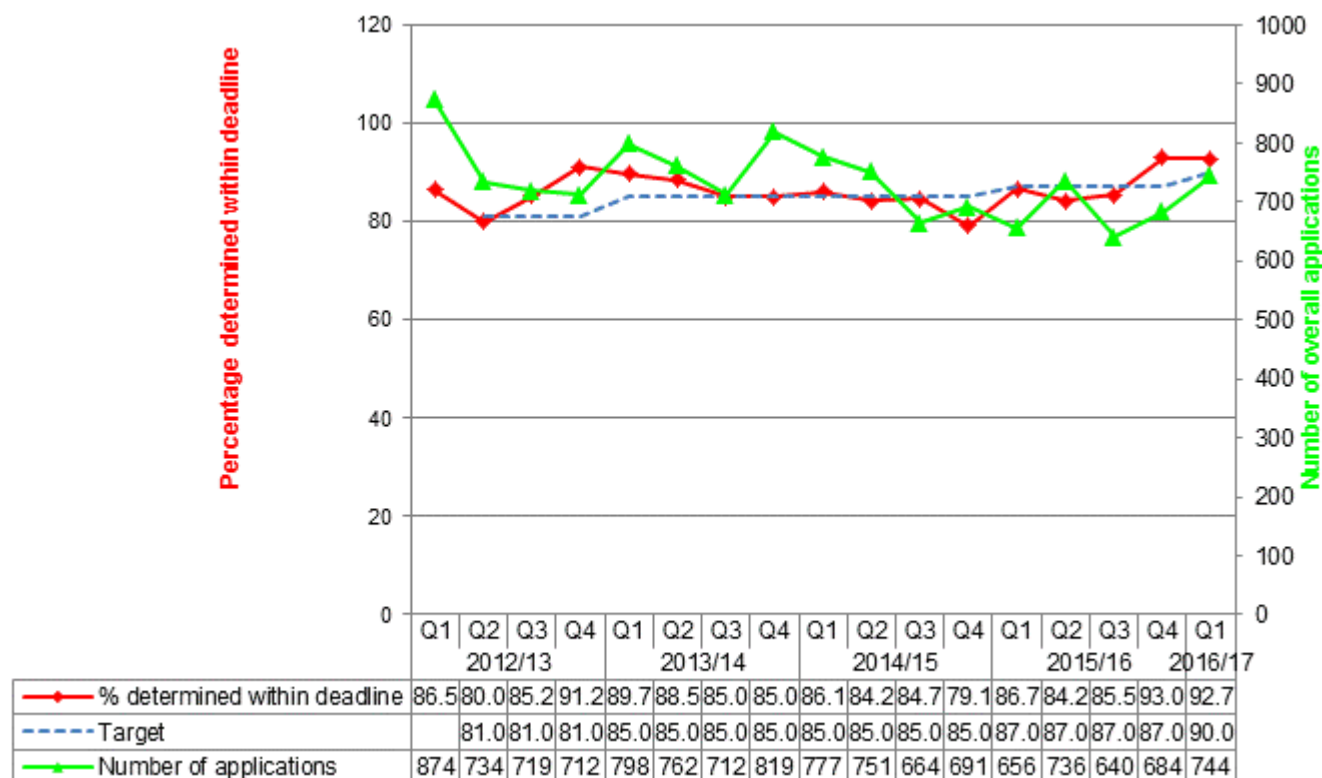
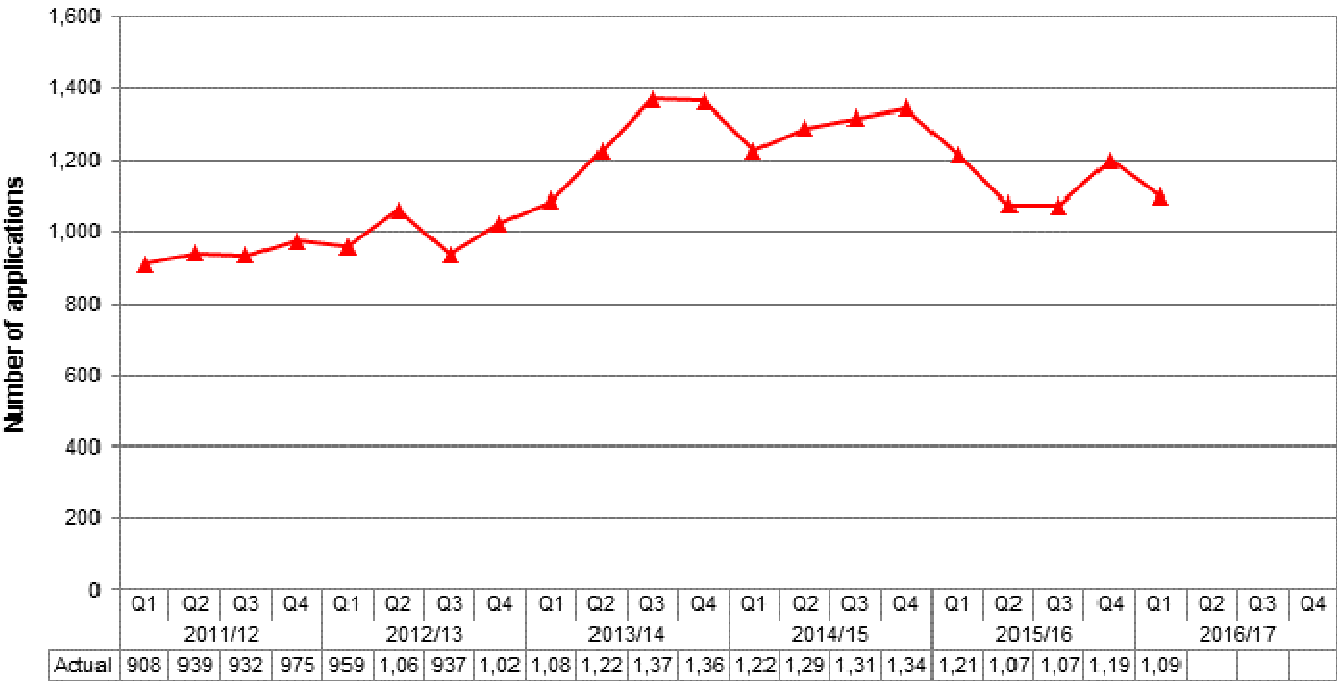


Chart 3 – Durham Key Options - total number of applications registered on the Durham Key Options system which led to the household being successfully rehoused



This page is intentionally left blank

**Economy and Enterprise Overview
and Scrutiny Committee**

26 September 2016



**Economy and Enterprise Overview
and Scrutiny Review of Support
Provided for Skills Development
within County Durham**

Report of Lorraine O'Donnell, Director of Transformation and Partnerships

Purpose

1. The attached report presents the key findings and recommendations of the Economy and Enterprise Overview and Scrutiny Committee's Review Group report focusing on support provided for skills development within County Durham.

Background

2. At a special meeting of the Economy and Enterprise Overview and Scrutiny Committee held on 29 October 2015 members agreed the terms of reference for the review with the aim of investigating and understanding the role and performance of DCC and key partners in supporting skills development, examine current partnership working, identify any barriers to employment and the future skill priorities for the county. It was agreed that the review would:
 - Consider and understand the current approach to skills development at a national, regional and local level.
 - Examine the existing occupational profile of County Durham including the skill base of residents within County Durham and compare to the regional and national skill base.
 - Consider and understand the role and performance of DCC and key partners in supporting skills development within the county including detail of various projects/initiatives.
 - Examine how DCC engages with key partners including the National Careers Service, Business and Education Board, FE colleges, specialist learning providers, employers and the County Durham Economic Partnership (CDEP) to support skills development within the county.
 - Identify any barriers to employment for a variety of specific sectors including: employers; adults; young people including young people who are not in education, employment or training (NEETs).
 - Examine any actions identified to address barriers.
 - Identify and consider future skill priorities for the county.

3. A review group of 13 members was established from the membership of the Economy and Enterprise Overview and Scrutiny Committee. Evidence was gathered over eight meetings and three visits providing members with the opportunity to see 'first hand' the type of skills support provided by partners in the county.
4. The review group's key findings are attached at Appendix 2 and have resulted in the formulation of the following recommendations:
 - That the Council robustly analyses the impact of the introduction of the Apprenticeship Levy and the statutory apprenticeship target on Durham County Council and further apprenticeship opportunities in the county.
 - That Durham County Council monitors the progress of the North East Area Based Review and the full devolution of the Adult Education Budget within the context of future FE provision within County Durham.
 - That Durham County Council (DCC) via the Regeneration and Economic Development (RED) Service Grouping is pro-active in promoting with SMEs and training providers in the county the various top up grants available from the County Durham Apprenticeship Programme (CDAP) together with the availability of support to employers to assist in applying for the various available top ups.
 - As part of the monitoring arrangements for the DurhamWorks Programme the Council ensures that the Economy and Enterprise Overview and Scrutiny Committee receive updates on the progress, performance and delivery of the programme.
 - That Durham County Council is pro-active in promoting with schools the importance of providing young people with good quality Careers Education, Information, Advice and Guidance (CEIAG) together with an opportunity for meaningful work experience placement with local employers, and continues to monitor take up of provision by schools.
 - That the Area Action Partnerships (AAPs) continue to develop local skill projects and initiatives and where appropriate share across the AAP network and work with the Children and Young People's Services Service Grouping to determine whether any elements of individual AAP projects can be used to complement the DurhamWorks Programme.
 - That key partners within the county be encouraged through the County Durham Economic Partnership (CDEP) to use the same labour market tools and share data so that there is a consistent approach to predicting employer's future skill requirements.
 - That the Business and Education Board build upon the success of 'Get the Buzz' week by continuing to work with partners to identify and develop future opportunities for business and education engagement across County Durham.

- That a review of this report and progress made against the recommendations will be undertaken six months after the report is considered by Cabinet including as part of this process the following:
 - A summary of AAP activity currently undertaken across the county focusing on skills development.
 - A summary of activity undertaken to develop further opportunities for business and education engagement.
 - An update on the progress of the three local apprenticeship programmes (Teenage Parent Apprenticeship Programme, ICT Apprenticeship Hub Programme and the CDAP).

Service Response

5. The report was shared with Regeneration and Economic Development Management Team (RED MT) and Children and Young People's Services Senior Management Team (CYPS SMT) and resulted in following responses:
 - RED MT has considered the report and its recommendations and is happy for it to progress to Corporate Management Team and Cabinet for consideration. RED MT acknowledges the extensive work undertaken in producing the review report and welcomes its helpful findings.
 - CYPS SMT has considered the report, both its content and recommendations, and is happy for it to progress. The CYPS SMT would like to express its thanks to those Individuals and organisations that have contributed to and supported the review. The report's recommendations provide a useful basis to progress the skills development agenda in County Durham.

Next Steps

6. It is proposed following the committee's approval of the review report that it is considered by Cabinet at the meeting on the 19 October and at a future meeting of the CDEP.

Recommendation

7. That the Economy and Enterprise Overview and Scrutiny Committee agree the report of the Scrutiny Review Group looking at the support provided for skills development within County Durham and attached as Appendix 2.
8. That the report of the Scrutiny Review Group is submitted for consideration by Cabinet at the meeting on the 19 October 2016 and to a future meeting of the CDEP.

Contact:	Stephen Gwilym, Principal Overview and Scrutiny Officer
Tel:	03000 268 140
	Diane Close, Overview and Scrutiny Officer
Tel:	03000 268 141

Appendix 1: Implications

Finance – None

Staffing – None

Risk – None

Equality and Diversity / Public Sector Equality Duty – The necessary Equality Impact Assessment has been prepared concerning the review report.

Accommodation – None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Issues – None

Legal Implications - None



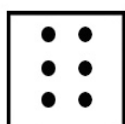
Economy & Enterprise OSC

Scrutiny review of support provided
for skills development within County
Durham

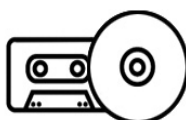
Please ask us if you would like this document summarised in another language or format.

العربية (Arabic) (中文 (繁體字)) (Chinese) اردو (Urdu)
polski (Polish) ਪੰਜਾਬੀ (Punjabi) Español (Spanish)
বাংলা (Bengali) हिन्दी (Hindi) Deutsch (German)
Français (French) Türkçe (Turkish) Melayu (Malay)

Email: scrutiny@durham.gov.uk
Tel: 03000 268141



Braille



Audio



**Large
Print**



Table of Contents

Chair's Foreword	Page 1
Executive Summary	Page 2
Key Findings & Conclusions	Page 3
Recommendations	Page 4
Detailed Report	
Approach to skills development – national, regional, local	Page 6
Occupational profile and skills base of County Durham	Page 8
Barriers to employment within County Durham for specific groups	Page 9
Skill priorities 2016	Page 11
Further education and skills reform programme	Page 12
Skill programmes/projects	Page 14
Role of DCC in supporting skills development	Page 19
Role of key partners	Page 25
Appendices	
Summary of AAP Projects for 3 Towns, Derwent Valley, East Durham AAPs - Appendix 1	Page 31
DurhamWorks Delivery Partners - Appendix 2	Page 36
Role of employers in supporting skills development – Dyer Engineering Limited, Esh Group - Appendix 3	Page 37
Visits to training providers - Appendix 4	Page 39

Chairman's Foreword



The 'Altogether Wealthier' theme remains the top priority of the council with its main aim to improve the economy and job prospects. The council has a vision for a higher value sustainable economy and strong ambitions for further inclusive growth. One of our key mechanisms to achieve greater economic prosperity for our communities is to increase the employment rate and prepare for a higher level skills workforce. We need to ensure that the skills and aspirations of County Durham's current and future workforce are raised so that they are willing and able to compete for jobs. It is against this backdrop that the Economy and

Enterprise Overview and Scrutiny Committee agreed to undertake a detailed review identifying how Durham County Council working with partners supports skills development.

County Durham has been extremely successful in recent years in attracting inward investment with a number of major companies locating in the county including Hitachi Rail Europe and Atom Bank. A number of established companies are also expanding such as Husqvarna, Gestamp and Tridonic. It is essential that DCC working with partners identify skill requirements and develop training programmes to ensure that the County Durham workforce have the skills to meet these needs.

During the review we received information on: the approach to skills development nationally, regionally and locally; our current occupational profile and skills base; barriers to employment; further education and skills reform; the role of DCC, key partners and business in supporting skills development and future skill priorities. The review group visited New College Durham, Infinite Learning and Development and South West Durham Training to see 'first hand' the quality of training provided. This review report proposes a number of recommendations which aim to build on the current partnership working to support local people into employment and meet the skill requirements of local business.

I would like to thank all of those who have been involved in gathering information especially colleagues from FE Colleges, Infinite Learning and Development, County Durham Economic Partnership, Business Education Board, National Careers Service, South West Durham Training, Esh Group, Dyer Engineering LTD, Caterpillar, Area Action Partnerships and DCC officers from CYPs, T&P and RED Service Groups. I would also like to thank my fellow Councillors who have served on the review group.

Councillor Rob Crute

Chair Economy and Enterprise Overview and Scrutiny Committee

Executive Summary

- 1 The Economy and Enterprise Overview and Scrutiny Committee as part of the work programme for 2014/15 received an overview of skills development within the county. When considering the report and presentation members noted that some employers within the county were concerned that the current workforce does not have the skills they require. A lack of required skills could be preventing local people from accessing employment opportunities available within the county. As part of the refresh of the committee's work programme for 2015/16, members therefore agreed to conduct a scrutiny review looking at this area.

Focus of the review

- 2 The aim of the review is to investigate and understand the role and performance of DCC and key partners in supporting skills development within County Durham, identify any barriers to employment and the future skill priorities for the county.
- 3 The review objectives were to:
 - Consider and understand the current approach to skills development at a national, regional and local level.
 - Examine the existing occupational profile of County Durham including the skill base of residents within County Durham and compare to the regional and national skill base.
 - Consider and understand the role and performance of DCC and key partners in supporting skills development within the county including detail of various projects/initiatives.
 - Examine how DCC engages with key partners including the National Careers Service, Business and Education Board, FE colleges, specialist learning providers, employers and the County Durham Economic Partnership (CDEP) to support skills development within the county.
 - Identify any barriers to employment for a variety of specific sectors including employers, adults and young people including young people who are not in education, employment or training (NEETs).
 - Examine any actions identified to address barriers.
 - Identify and consider future skill priorities for the county.

Methodology

- 4 A review group of 13 members was established from the committee's membership which gathered evidence over eight meetings and three visits providing an opportunity to see 'first hand' the type of skills support provided by partners within the county.

Key Findings and Conclusions

- 5 The government is implementing a programme of Further Education (FE) and skills reform with the introduction of Area Based Reviews, the Apprenticeship Levy and a statutory apprenticeship target for public sector bodies. The programme also includes full devolution of the Adult Education Budget to Combined Authorities with skill devolution agreements by 2018/19. The reforms will have significant implications for Durham County Council and for County Durham. There is a need for DCC to robustly monitor the progress and impact of the reforms.
- 6 DCC working with partners has developed a number of local programmes to support skills development including three apprenticeship programmes (Teenage Parent Apprenticeship Programme, ICT Apprenticeship Hub programme and the County Durham Apprenticeship Programme). The County Durham Apprenticeship Programme (CDAP) provides a series of top up grants to County Durham SMEs with fewer than 50 employees to create additional apprenticeship or job opportunities. The grant criteria for the programme has recently been revised to increase the number of grants available. DCC needs to continue to monitor the development of the three apprenticeship programmes and be pro-active in promoting the various top up grants and support available to SMEs via the CDAP to increase take up within the county.
- 7 The DurhamWorks Programme is a County Durham programme developed to deliver the Youth Employment Initiative (YEI). The programme provides significant opportunities for young people aged 16-24 who are unemployed or inactive and resident in County Durham. Due to delays resulting from discussions between the British Government and the EU, the programme is to be delivered in 28 months, a much shorter timeframe than the four years originally proposed. The programme has a number of outputs and indicators set by the Department for Work and Pensions. DCC needs to ensure that the monitoring arrangements in place to monitor the performance and delivery of the programme are robust.
- 8 Turning to support arrangements in schools and colleges, young people need to be made aware of all available career opportunities. This should include vocational and apprenticeships routes together with an opportunity for a meaningful work experience placement. Currently, there is a wide range of good quality careers support available to schools, FE colleges and specific groups of young people. This support is provided by DCC through the Improving Progression of Young People Team, Durham Education Business Partnership (DEBP) and the One Point Service. Some schools in the county do use these services however there is a need to increase take up with DCC having a key role in promoting to schools the range of support available.
- 9 County Durham has 14 Area Action Partnerships (AAPs) and at the time of the review eight have employment and/or training included in their top three priorities with £1m of AAP Area Budget Spend (since 2012) spent directly on skill based projects. The AAPs working with partners have developed and delivered a range of successful skill projects including apprenticeship and mentoring programmes, enterprise and job clubs and individual bespoke

projects making a significant contribution to skills development in the county. The AAPs need to continue to develop local skill projects and where appropriate share details of projects across the AAP network. The council should also consider how any elements of individual AAP projects can be used to complement the DurhamWorks Programme.

- 10 Both employers and partners highlighted the importance of succession planning. However, the majority of businesses within the county are SMEs and micro-businesses and do not have the capacity or resources to succession plan. Partners in the county are currently using a variety of labour market tools to try to predict employers' future skill requirements which results in a lack of consistency in the data generated. Key partners in the county need to use the same labour market tools and share data generated to ensure consistency in the data provided for succession planning purposes.
- 11 Engagement undertaken in relation to skills development between key partners and with schools and employers is extensive and robust. The Business and Education Board (BEB) continues to give business and education engagement in the county a high profile by facilitating dialogue between the sectors. In July 2015 the BEB developed an event 'Get the Buzz' week, bringing schools/colleges and business together. During the event 17 businesses and nine schools participated resulting in the engagement of 3,363 pupils. The BEB needs to build upon the success of 'Get the Buzz' week whilst continuing to work with partners to identify and develop future opportunities for business and education engagement across the county.

Recommendations

Recommendation 1

That the Council robustly analyses the impact of the introduction of the Apprenticeship Levy and the statutory apprenticeship target on Durham County Council and further apprenticeship opportunities in the county.

Recommendation 2

That Durham County Council monitors the progress of the North East Area Based Review and the full devolution of the Adult Education Budget within the context of future FE provision within County Durham.

Recommendation 3

That Durham County Council (DCC) via the Regeneration and Economic Development (RED) Service Grouping is pro-active in promoting with SMEs and training providers in the county the various top up grants available from the County Durham Apprenticeship Programme (CDAP) together with the availability of support to employers to assist in applying for the various available top ups.

Recommendation 4

As part of the monitoring arrangements for the DurhamWorks Programme the Council ensures that the Economy and Enterprise Overview and Scrutiny Committee receive updates on the progress, performance and delivery of the programme.

Recommendation 5

That Durham County Council is pro-active in promoting with schools the importance of providing young people with good quality Careers Education, Information, Advice and Guidance (CEIAG) together with an opportunity for meaningful work experience placement with local employers, and continues to monitor take up of provision by schools.

Recommendation 6

That the Area Action Partnerships (AAPs) continue to develop local skill projects and initiatives and where appropriate share across the AAP network and work with the Children and Young People's Services Service Grouping to determine whether any elements of individual AAP projects can be used to complement the DurhamWorks Programme.

Recommendation 7

That key partners within the county be encouraged through the County Durham Economic Partnership (CDEP) to use the same labour market tools and share data so that there is a consistent approach to predicting employer's future skill requirements.

Recommendation 8

That the Business and Education Board build upon the success of 'Get the Buzz' week by continuing to work with partners to identify and develop future opportunities for business and education engagement across County Durham.

Recommendation 9

That a review of this report and progress made against the recommendations will be undertaken six months after the report is considered by Cabinet including as part of this process the following:

- A summary of AAP activity currently undertaken across the county focusing on skills development.
- A summary of activity undertaken to develop further opportunities for business and education engagement.
- An update on the progress of the three local apprenticeship programmes (Teenage Parent Apprenticeship Programme, ICT Apprenticeship Hub Programme and the CDAP).

Detailed Report

1. Approach to Skills Development

1.1 National approach

- 12 In November 2014, the government published a report 'Growth through People' UK Commission for Employment and Skills (UKCES) looking into the UK skills system.
- 13 The report describes the changing nature of the workforce, with the previous 20 years seeing a significant rise in technology throughout most working practices, 4.6 million more high-skill jobs and 1.3 million lower-skill jobs were created, whilst the number of mid-level skilled jobs declined. The report sets out the following five priorities for action for the next 20 years:
- Employers need to lead on skills development at national, regional and local level.
 - Improving workplace productivity is the route to pay and prosperity, including better management, better job design and increased employee engagement.
 - There should be a clear career pathway for young people such as apprenticeships and this should be a normal way for business to recruit and develop their workforce.
 - Work experience should become an integral part of education for all young people, bridging the gap between education and work.
 - Success should be measured by a wide set of outcomes, including jobs and progression and not just academic qualifications.
- 14 Following the publication of the report, the government has further expanded the apprenticeship programme and introduced additional reforms including:
- High quality professional and technical routes to employment, alongside robust academic routes which allow individuals to progress to high level skills valued by employers; and
 - Better responsiveness to local employer needs and economic priorities, for instance through local commissioning of adult provision, which will help give the sector the agility to meet changing skills requirements.
- 15 In order to deliver the above, government requires a network of technology and national colleges to deliver high standard provision at levels 3, 4 and 5. There is also a move towards fewer, often larger, more resilient providers with the Departments for Education and Business Innovation and Skills facilitating a programme of area-based reviews to review 16+ provision in every area.

1.2 Regional approach

- 16 The North East Local Enterprise Partnership (NELEP) covers the local authority areas of County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland. The NELEP was set up as one of 39 local enterprise partnerships in England, which work with the government to drive economic growth. The national approach to skills

development outlined in the UK Commission for Employment and Skills report directly corresponds with the regional approach taken across the whole of the labour market.

- 17 The NELEP published a Strategic Economic Plan (SEP) in April 2014, which sets out its priorities for utilising government and European funding. The NELEP priorities relating to education and skills include: strengthening the skills system to align skills with the needs of employers, supporting young people and investing in new training facilities. The North East Strategic Skills Group work with the area's seven local authorities, business, voluntary partners and skills providers to implement the key priorities and report progress to the NELEP Board.
- 18 The NELEP also has a Skills Implementation Plan to drive economic growth and improve employability, outlining the key challenges that it needs to address such as: the relatively low uptake (particularly among females) of science, technology, engineering and mathematics (STEM) subjects; a lack of consistency or coordination of careers education and information, advice and guidance (IAG); structural economic and demographic issues (including too few private sector jobs, higher than average unemployment levels, an aging skilled workforce and gender imbalances in some sectors); the low proportion of the working age population that has Level 3 or above qualifications and employers understanding the complexity of the skills funding system.
- 19 The seven local authorities of Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland have jointly established a Combined Authority (NECA). The Combined Authority plays a leading role in creating conditions for economic growth and new investment.
- 20 The North East Combined Authority (NECA) will create an integrated employment and skills system tailored to the specific needs of the area. The aim will be to raise labour market participation and skills at all levels, increase productivity, improve the life chances of young people, help people into work and meet the skills shortages experienced by North East employers.
- 21 This process will be overseen by an Employment and Skills Programme Board with dual accountability to both the North East Combined Authority and to government.

1.3 Local - County Durham Skills Strategy 2014-2018

- 22 The 'Altogether Wealthier' theme remains the top priority of DCC with its main aim to improve the economy and job prospects across the county. The skills, abilities and attitudes of the current and future County Durham workforce are critical to the future economic success of the county. The County Durham Skills Strategy 2014-2018 is the county's key strategy for skills development.
- 23 The strategy has an economic focus, aiming to develop a more highly skilled workforce, with a higher proportion of residents gaining high-level qualifications. The strategy identifies the following 10 key priorities:

- Improve the qualifications and skills of County Durham residents;
 - Develop skills to enable progression into employment;
 - Improve skills to promote enterprise and entrepreneurial behaviour;
 - Narrow the skills attainment gap in economically deprived communities;
 - Develop skills to meet demand of growth sectors;
 - Increase the number of Apprenticeship opportunities;
 - Stimulate demand for higher level skills to increase productivity and growth;
 - Develop high quality Information, Advice and Guidance;
 - Develop market intelligence for employers, learners and providers in order to match supply with demand and to improve the relevance of skills provision;
 - Support employers to utilise the skills funding system.
- 24 The strategy was developed by a task group of the County Durham Economic Partnership's Business, Enterprise and Skills Working Group which included representatives from a broad range of key partners. The group analysed changes in education, skills and the industrial and occupational profile of County Durham during the previous ten years. A review of regional and national strategies was also undertaken, to ensure that this strategy both reflects and influences national, North East LEP and Combined Authority activity in relation to education and skills.

2. Occupational profile and skills base of County Durham

- 25 County Durham has a more balanced occupational profile compared to the North East LEP area and England. The county has fewer residents employed in higher-level occupations (managers, directors, professional, and technical occupations) compared to the North East LEP area and England but similar levels in lower-level occupations (sales, customer service, plant and machine operatives, and elementary occupations). The largest proportion of the county's workforce work in mid-level occupations (administrative, skilled, caring and leisure occupations) and it is this group that has seen the largest increase since 2004.
- 26 Mid-level occupations require a level of education, training, experience or competence which is above basic literacy and numeracy and suggests they may have the potential to move up to higher-level occupations during their careers.
- 27 Due to job shortages within the county, there may be a significant number of people who are in occupations that require lower levels of skills and qualifications than those they possess; so the county's workforce should be well placed to drive growth when there are more jobs requiring higher skills and qualifications. This could lead to a significant shift in the county's occupational profile towards a larger number of workers in mid-level and higher-level jobs in the future. Whilst growth is subdued, it is vital that we grow and retain well-educated and skilled workers, particularly well-educated younger people, to offset the large proportions of older generations in the workforce that will retire in the next decade.

- 28 County Durham's qualifications profile is significantly different to that of the North East LEP and England with fewer individuals of working age holding NVQ4+ qualifications. In addition, County Durham has a higher proportion of individuals with NVQ1 or no qualifications (see County Durham resident qualifications in table below).

County Durham Resident Qualifications

Qualifications (Jan 2014-Dec 2014)	County Durham (level)	County Durham (%)	North East (%)	Great Britain (%)
NVQ4 and above	85,400	26.4	28.4	36.0
NVQ3 and above	162,600	50.3	52.5	56.7
NVQ2 and above	223,800	69.2	71.7	73.3
NVQ1 and above	272,300	84.7	84.2	85.0
Other qualifications	19,600	6.1	5.3	6.2
No qualifications	31,300	10.0	9.7	8.8

Source: ONS annual population survey Notes. Numbers and % are for those of aged 16-64 - % is a proportion of resident population of area aged 16-64.

3. Barriers to employment within County Durham for specific groups

Key findings:

- Young people aged 16-24 identify the following barriers: lack of work experience opportunities, lack of good quality IAG, lack of qualifications, lack of digital skills, transport issues, lack of confidence, self-esteem, motivation and the unrealistic expectations of employers.
- Strands 1, 2 and 3 of the DurhamWorks Programme have been developed to tackle barriers identified by young people via the youth focus groups.
- Employers identify the following barriers to offering employment and training opportunities: complexity of skills system; need for employers to identify future skill requirements (succession plan) and the need for young people to meet employer's expectations.
- Strands 1 and 3 of the DurhamWorks Programme include provision for significant employer engagement and support.
- The following barriers are identified for adults: an increase in the number of over 50s looking for work; more people qualified at Level 4 than Level 4 jobs available and younger people better qualified than older workers however they lack the level of skills required by employers.
- AAPs have successful projects to support the 50 plus group back into employment. The Council and partners are focusing on increasing the number of high level jobs and higher level apprenticeships available.

3.1 Young people

29 Prior to preparing the DurhamWorks Programme bid a significant amount of research has been undertaken with young people aged 16-24 in the county via youth focus groups and an on-line survey. One element of the research asked young people to identify barriers to employment.

30 Young people identify the following barriers:

- Lack of work experience opportunities.
- Lack of quality Careers Education information, Advice and Guidance (CEIAG).
- Lack of qualifications.
- Lack of digital skills – 18% of young people taking part in the research identified this as a barrier.
- Transport – lack of funding for travel costs.
- Lack of confidence, self-esteem, motivation – suggested the need for an advocate or mentor to support through the training and employment process.
- Employers need to have realistic expectations of young people and offer support particularly for those young people who have gone directly from school into employment.

31 The views of young people provided in the youth focus groups were used to inform the development of activities that are delivered across the following three strands of the DurhamWorks Programme:

- Strand 1 provides 'wrap-around' support to young people engaged in the programme.
- Strand 2 contains a wide range of targeted activities, programmes and projects which will engage participants and support their progression towards and into the labour market.
- Strand 3 supports the development of social entrepreneurs and self-employment and the creation of jobs and apprenticeships with the voluntary sector.

32 As part of the DurhamWorks Programme delivery partners can provide funding support to cover costs such as food and transport.

3.2 Employers

33 In developing the DurhamWorks Programme research was undertaken with employers to identify barriers to providing employment and/or training opportunities. Employers identify the following barriers:

- Complexity of the skills system – SMEs and micro – businesses struggle to engage and identify where support can be found.
- SMEs need to identify future skill needs and succession plan – to ensure their skill requirements can be met.

- Expectation of employers – Want new employees to have all necessary employability skills (not willing to provide support to new employees).
- 34 Strands 1 and 3 of the DurhamWorks Programme include focused provision for employer engagement and support via Business Advisors, an Employment Engagement Coordinator and a protocol for employer engagement that includes the following elements:
- Identifying the aspirations, growth plans and recruitment needs of a business.
 - Exploring the potential for work experience, jobs, apprenticeships and traineeships.
 - Identifying and removing barriers to employing a young person.
 - Pre-screen all candidates.
 - Maintain regular contact with Employer Advisors to ensure a smooth transition for the young person into the employee role.

3.3 Adults

- 35 Local intelligence and meetings with employers in the county identify the following barriers for adults:
- An increase in the number over 50s looking for work - JCP have noted an increase in the number of over 50s unemployed with no core initiative in place to target this group.
 - More people qualified at Level 4 than Level 4 jobs available in the county – An increase in the number leaving university or college and taking lower level jobs and having to work their way up.
 - ‘Younger people’ better qualified than older workers however they lack the level of skills required by employers.
- 36 AAPs have successful initiatives focusing on supporting adults (including those 50 plus) back into employment such as the DCC Employability Mentoring Project. Partners in the county are focusing on increasing the number of high level jobs and higher level apprenticeship opportunities with additional funding for Level 3 apprenticeships and above. Training providers are working with local employers to develop training programmes that meet their specific training requirements for example the welding programme developed by Infinite Learning and Development (ILD) for Caterpillar (for further detail of Welding Academy see page 28).

3.4 Skill Priorities 2016

- 37 Partners have identified the following skill priorities for 2016:
- Continue to develop school-business engagement with the implementation of the school-business engagement plan.
 - Continue to encourage and facilitate apprenticeship creation - ensuring a mix of levels from Level 2 to higher Levels (Levels 4 and 5).
 - Workforce upskilling – encouraging employers to succession plan and identify future skill requirements to ensure that the future workforce has

the skills required by employers (need for accurate Local Market Intelligence (LMI)).

- Implementation and delivery of the DurhamWorks Programme – a significant opportunity for County Durham providing ‘wrap-a-round’ support for 16-24 age group (for detail of DurhamWorks Programme see page 17).

- 38 The Review Group commented that the support provided in the county via DurhamWorks Programme, DCC apprenticeships programmes, Welfare Reform Initiative and relevant AAP projects provide significant opportunities to tackle the barriers to employment identified by the individual groups.

4. Further Education and Skills Reform Programme

Key findings:

- The North East Area Based Review of Post-16 Education and Training will include all four FE colleges in the county and will take 5/6 months.
- The review could result in a number of outcomes including: mergers, federations, alternative structures, shared back office functions, new Institutes of Technology and local outcome agreements.
- The Apprenticeship Levy is a charge on large employers (including public sector employers) and ring-fenced to pay for learning costs associated with hiring and training apprentices. The cost to DCC will be £1.89m based upon 2015/16 payroll.
- Government is consulting on the introduction of a statutory apprenticeship target of 2.3% for public sector bodies that employ more than 250 people. Based on DCC’s total workforce figure of 18,836 as at 31 March 2016, the estimated total number of apprentices required is 433.
- Government is working towards full devolution of the Adult Education Budget (AEB) by 2018/19 in those Combined Authority areas including the North East with skills devolution agreements.

4.1 Area Based Reviews

- 39 Government is facilitating a restructure of the further education sector through a series of Area Based Reviews. The reviews are designed to achieve a transition towards fewer, larger more resilient and efficient institutions. However, any changes to learning provision must take into account the needs of 16-19 year olds and adult learners with Special Educational Needs and Disabilities (SEND).
- 40 Government expects Area Based Reviews, covering all areas of the country to be completed by March 2017, with full implementation by 2020. The North East is included in wave four of the Area Based Reviews which will commence in September 2016 with the review process lasting for 5/6 months.
- 41 The four County Durham further education colleges (Bishop Auckland, Derwentside, East Durham and New College) are included in the North East Area Review along with other FE colleges from across the North East LEP area.

- 42 The North East Area Based Review could result in a number of outcomes including mergers, federations, alternative structures, shared back office functions, new Institutes of Technology and local outcome agreements.

4.2 Apprenticeship Reform

- 43 In the July 2015 Budget, the Chancellor announced that government would introduce an Apprenticeship Levy for large employers to fund the Apprenticeship Programme in the UK. The levy will apply to employers across all sectors with effect from 6 April 2017 and is a charge on large employers ring-fenced to pay for learning costs associated with hiring and training apprentices.
- 44 The charge will be paid into a central pot payable at a rate of 0.5% of the employers annual pay bill if it exceeds £3 million per annum. Each employer will receive an allowance of £15,000 to offset against their levy payment. The levy allowance will operate on a monthly basis and will accumulate throughout the year (an allowance of £1,250 a month with any unused allowance carried from one month to the next).
- 45 Once employers have paid the levy they will be able to access funding for apprenticeships through a new digital apprenticeship service account. Employers who pay the levy and are committed to apprenticeship training will be able to draw out more value than they have paid into the levy through a 10% top up from government to their digital account to spend on apprenticeship training. This means that for every £1 that enters an employer's digital account to spend on apprenticeship training the employer will receive £1.10.
- 46 The levy cannot be used on other costs associated with apprentices or wider training for example wages, travel and subsistence, management costs, traineeships, work placements or the cost of setting up an apprenticeship programme.
- 47 It is estimated that the cost of the Apprenticeship Levy to DCC based upon 2015/16 payroll including Local Authority maintained schools (excluding NI and employer's pension contribution) will be approximately £1.89m.
- 48 Government has announced its aim to deliver three million apprenticeships by 2020. In order to achieve this aim it wants to ensure that the public sector employs a significant proportion of apprentices. In January 2016 the government published a consultation on introducing a public sector apprenticeship target of 2.3% for public sector bodies that have 250 or more employees. Government's response to the consultation is still awaited.
- 49 DCC as at 31 March 2016 currently has 202 apprentices (127 in schools and 75 spread across DCC Service Groupings) throughout the authority. If a statutory target of 2.3% is introduced based on DCC's total workforce figure of 18,836 (including schools as at 31 March 2016) the estimated total number of apprentices required will be 433, an additional 231 apprentices.

4.3 Funding

- 50 The government is introducing important changes to the adult further education funding system including the full devolution of the Adult Education Budget (AEB) to Combined Authority areas with devolution agreements by 2018/19 including the North East.
- 51 The AEB combines the previous Adult Skills Budget (non-Apprenticeships); the Community Learning and the Discretionary Learning Support funding streams.
- 52 Bringing the three funding streams together provides opportunities to develop more tailored programmes of learning locally, including accredited and non-accredited provision, to help those furthest away from learning and the workplace.
- 53 Members commented that the FE and skill reforms taking place will have significant implications for DCC and County Durham. It was suggested that members receive updates on: the impact of the Apprenticeship Levy and the statutory apprenticeship target for public sector bodies together with detail of the progress of the North East Area Based Review and the full devolution of the Adult Education Budget.

Recommendation 1

That the Council robustly analyses the impact of the introduction of the Apprenticeship Levy and the statutory apprenticeship target on Durham County Council and further apprenticeship opportunities in the county.

Recommendation 2

That Durham County Council monitors the progress of the North East Area Based Review and the full devolution of the Adult Education Budget within the context of future FE provision within County Durham.

5. Skill programmes/projects

Key findings:

- There are six main skills programmes in place at a regional and local level which focus on providing support to young people to increase their employability opportunities including: Generation North East; three local apprenticeship programmes and the DurhamWorks Programme.
- The County Durham Apprenticeship Programme is the local apprenticeship scheme for County Durham and has supported almost 1000 young people since 2011.
- The DurhamWorks Programme is the new EU funding programme for young people in County Durham providing £17.04m in funding directed at 16-24 year olds who are unemployed, inactive and resident in the county.
- Adult initiatives within the county include the Welfare Reform Initiative and various AAP projects including the Employability Mentoring Project.

5.1 Regional programmes

- 54 The review group received detail of two regional programmes Generation North East (GNE) and the Apprenticeship Growth Partnership.
- 55 Generation North East (GNE) is a regional programme which was introduced to provide additional employability support to young people (18-24), with the aim of helping young people into work. The programme establishes stronger working relationships with JCP, provides an opportunity to test local models of business engagement, to work with employers and increases opportunities for young people.
- 56 The North East Apprenticeship Growth Partnership is a group formed to take forward the increasing apprenticeship numbers across the North East. The Partnership was formed in April 2015 from the North East Apprenticeship Hub with representation from local authorities, NELEP, JCP, National Careers Service (NCS), Skills Funding Agency (SFA), GNE, business sector, business support bodies, the Association of Colleges and the Learning Provider Network.
- 57 The partnership is focused on driving up the number of apprenticeship starts, as well as growing the number of higher level apprenticeships delivered across the North East.

5.2 County Durham Apprenticeship Programmes

- 58 The County Durham Apprenticeship Programme (CDAP) is the main local apprenticeship programme for County Durham. It was launched in November 2011 to tackle the high levels of youth unemployment experienced in the county by incentivising businesses to create additional apprenticeship opportunities.
- 59 Since launching this programme in 2011, DCC has worked with over 450 employers, FE colleges, training providers, NAS, JCP and in the early stages the Coalfields Regeneration Trust (CRT) in order to promote the benefits of the apprenticeship route resulting in 971 apprenticeship starts to the end of June 2016.
- 60 Following feedback from employers, training providers and elected members, the criteria for the programme has been revised to increase the range of top up grants available to create new apprenticeship opportunities and to stimulate more Level 3 (L3) and above apprenticeships. The CDAP provides the following top up grants:
- £1,500 (top up grant) if young person is a resident of County Durham.
 - £1,500 (top up grant) for creation of an apprenticeship for the first time and paid on the first apprentice only.
 - £1,500 (top up grant) for creation of a L3 advanced apprenticeship.
- 61 Some training providers in the county have not made SMEs aware of the availability of the general top up grant which has resulted in the Service Grouping making a number of retrospective payments. Funding to support the programme is derived from a variety of sources with the major resource

coming from Economic Development cash-limit underspend/reserves and a number of the council's Area Action Partnerships (AAPs) with nine AAPs contributing from 2012-2015 a total of £252,095 to the programme.

- 62 The Service Grouping intends to promote the revised criteria and as part of this promotion will highlight to SMEs in the county the availability of the various top up grants.
- 63 In addition to the CDAP there are two further apprenticeship programmes: the Teenage Parent Apprenticeship Programme and the ICT Apprenticeship Hub Apprenticeship Programme.
- 64 The Teenage Parent Apprenticeship Programme is the result of a partnership arrangement between Public Health and the RED Service Grouping. The programme is a two year pilot which started in October 2014 funding apprenticeships for 30 Teenage Parents in the county.
- 65 The programme improves the outcomes for vulnerable teenage parents who live in the most deprived areas of the county. The model consists of two elements: a teenage parent support programme delivered through the One Point Service and an apprenticeship support programme. The programme is delivered in conjunction with the core apprenticeship offer with additional funding from public health providing an enhanced offer of financial support to employers (£4,500 over 2 years) plus up to £1,000 to support childcare and/or travel expenses paid in the first 3-6 months of the apprenticeship.
- 66 The ICT Apprenticeship Hub extends the ongoing programme of apprentice recruitment and progression within ICT services, increasing the opportunities provided by the programme and developing a larger group of ICT apprentices.
- 67 As part of the Hub proposal DCCs ICT Services are looking to set up an Apprenticeship Training Agency (ATA) which allows the council to manage apprentices who are working outside of the council's premises and undertaking work placements with employers as part of the apprenticeship programme.
- 68 The Review Group commented on the excellent partnership working in the development and delivery of the CDAP, the Teenage Parent Apprenticeship Programme and the ICT Apprenticeship Hub Programme.
- 69 Members highlighted the need for DCC to continue to be pro-active in promoting to SMEs in the county the availability of the various top up grants via the CDAP as this would encourage more SMEs to participate in the programme and provide more apprenticeship opportunities for young people.

Recommendation 3

That Durham County Council (DCC) via the Regeneration and Economic Development (RED) Service Grouping is pro-active in promoting with SMEs and training providers in the county the various top up grants available from the County Durham Apprenticeship Programme (CDAP) together with the availability of support to employers to assist in applying for the various available top ups.

Recommendation 9

That a review of this report and progress made against the recommendations will be undertaken six months after the report is considered by Cabinet including as part of this process the following:

- An update on the progress of the three local apprenticeship programmes (Teenage Parent Apprenticeship Programme, ICT Apprenticeship Hub Programme and the CDAP).

5.3 DurhamWorks Programme – Youth Employment Initiative (YEI)

70 The DurhamWorks Programme was developed to deliver the Youth Employment Initiative (YEI) in County Durham. The YEI is European funding to tackle youth unemployment across member states. County Durham is eligible for £17.04m in funding which is directed at 16-24 year olds who are unemployed or inactive and resident in the county. Funding cannot be directed at young people who are engaged in full-time education.

71 The programme has been developed following in-depth consultation and research undertaken with partners and young people to:

- Analyse local needs and opportunities;
- Identify best practice and gaps in existing delivery;
- Consider innovative ideas to address youth unemployment.

72 The DurhamWorks bid was approved by government in January 2016 and delivery of the programme commenced in April 2016. Originally YEI programmes were to be delivered from 2014-2018 however due to delays resulting from discussions between the British Government and the EU the DurhamWorks Programme will be delivered in 28 months. The various strands of the programme will be delivered by 20 delivery partners including CYPs (Progression and Learning, One-Point Service and Youth Offending Service) and RED Service Groupings (for detail of delivery partners see Appendix 2). The three strands of the programme are:

- Strand 1 – provides unemployed young people with individual guidance and support over a sustained period of time. There is additional resource to provide sustained 'wrap-a-round' support for disadvantaged and vulnerable groups such as Looked After Children and Care Leavers, young people who have SEND and young people known to the Youth Offending Service. Support is also provided to employers including help and advice to recruit young people.
- Strand 2 – provides specifically tailored programmes/activities to support vulnerable young people who have multiple barriers to their progression.
- Strand 3 – provides substantial volumes of employment engagement activity via Business Advisors targeting SMEs to identify and create jobs, apprenticeships and other work related opportunities. This strand also supports the development of social entrepreneurs and self-employment and creates jobs and apprenticeships with voluntary sector organisations.

- 73 The activities within the programme are targeted at 5,830 unemployed young people in the county aged 16-24 with the Department for Work and Pensions (DWP) setting the following outputs and indicators:

Durham Works Outputs

Output	Indicator
5830	Unemployed; long-term unemployed; inactive participants.
542	Participants who receive offer of employment, continued education, apprenticeship, traineeship upon leaving.
4910	Participants who are in education or training; gain a qualification or are in employment, including self-employment upon leaving.
875	Participants in continued education, training programmes leading to a qualification, an apprenticeship or a traineeship six months after leaving.
175	Participants in self-employment six months after leaving.

- 74 The Hanlon Data Management System is used by all delivery partners. Young people engaged on the DurhamWorks Programme are registered on the system and their progress tracked. The system also incorporates employer and vacancy tracking and produces a range of management information reports to assist with the performance management of the programme.
- 75 Members commented on the significant opportunities provided to young people in the county by the DurhamWorks Programme. However, the programme will be delivered in 28 months and whilst recognising that monitoring arrangements are in place members need to be kept updated on the progress, performance and delivery of the programme.

Recommendation 4

As part of the monitoring arrangements for the DurhamWorks Programme the Council ensures that the Economy and Enterprise Overview and Scrutiny Committee receive updates on the progress, performance and delivery of the programme.

5.4 Welfare Reform Initiative and DCC Employability Mentoring Project

- 76 Funding is available to support individuals who are the most disadvantaged by Welfare Reform in the county. This funding has been available since September 2014 and includes a wage subsidy of £2000 to encourage an employer to create an employment opportunity for a disadvantaged individual affected by Welfare Reform. This subsidy is split with a £1,000 paid after 3 months and the remaining £1,000 after 12 months.
- 77 A discretionary fund is available for individuals to access to contribute towards the costs of training and/or skills development that will help them enter employment. To April 2016 there have been 223 referrals of which 155 accessed employability support with 121 going into employment. A total of 77

wage incentive grants have been given totalling £102,000 together with 38 Discretionary Support Grants totalling £10,279.20.

- 78 The project co-ordinates a programme of pathways into employment enabling workless people to access opportunities and build the skills they need for sustainable employment. Engagement is also undertaken with local employers to identify staffing needs.
- 79 The project is delivered through outreach work which involves the provision of tailored 1:1 support to individuals helping to identify and overcome barriers to employment and find a pathway to sustained employment which is specific to the individual. The project currently covers the AAP areas of 3 Towns, BASH and Mid-Durham (for further detail of AAP projects see Appendix 1).

6. Role of Durham County Council in supporting skills development

- 80 As part of the review process members wanted to identify how DCC supports skills development in the county with activity currently spread across RED, CYPS and T&P Service Groupings.

6.1 Regeneration and Economic Development (RED) Service Grouping

Key findings:

- The RED Service Grouping delivers a number of skill projects with partners including: the DurhamWorks Programme; County Durham Apprenticeship Programme (CDAP), Teenage Parent Apprenticeship Programme; Welfare Reform Initiative; the Employability Mentoring Programme and GNE programme.
 - RED distributes a variety of grants including: AGE 16-24; grants for various Durham apprenticeship programmes and the Welfare Reform Initiative.
 - RED has a key role as a delivery partner in delivering the DurhamWorks Programme.
- 81 The Employability and Economic Development Teams in the RED Service Grouping deliver a number of time limited but complementary projects with partners including: JCP; DurhamWorks; National Apprenticeship Service (NAS); NCS; SFA; Credit Unions; Public Health; NELEP; NECA; CDEP; Business Education Board (BEB); business forums and the AAP's.
- 82 These partnership arrangements have resulted in the delivery of: DurhamWorks Programme, GNE Programme, the CDAP, the Teenage Parent Apprenticeship Programme, the Welfare Reform Initiative and the Employability Mentoring Programme.
- 83 RED and DCC procurement and planning now have policies in place to generate local employment and training opportunities from DCC procurement contracts and planning developments.
- 84 The Economic Development Team is a delivery partner for the DurhamWorks Programme delivering activities under strands 1 and 3 of the programme

providing 'wrap around' support to young people aged 16-24 and to employers in the county.

- 85 DurhamWorks funding has been used to support nine Youth Employment Advisors and six Business Advisors based in the Employability Team. Under the DurhamWorks Programme the YEAs will work with young people aged 19-24 to identify their needs and develop a programme of support, matching young people to the identified employment opportunities. The Business Advisors will be the first point of contact for business, providing detail of a recruitment and selection offer, possible funding availability and where training can be accessed.

6.2 Children and Young People's Services (CYPS) Service Grouping

Key findings:

Progression and Learning Service

Improving Progression of Young People Team

- The Improving Progression of Young People Team supports young people who have special educational needs and disabilities to make a successful transition into post-16 education, employment and training.
- The team manages and co-ordinates the tracking of young people 16-18 years of age identifying young people who are NEET and provides a range of support and activities to schools and colleges for them to meet their statutory responsibilities in relation to Careers Education, Information, Advice and Guidance (CEIAG).

Durham Education Business Partnership (DEBP)

- Offers a range of activities which can be purchased by schools including: work experience placements; work related learning activities and career exhibitions.

County Durham Adult Learning and Skills Service (ALSS)

- Offers a range of courses to suit the needs of individuals locally.
- Manages and co-ordinates delivery of the DurhamWorks Programme.

One Point Service

- The One Point Service works closely with ALSS to support the delivery of programmes including Community Learning delivered from One Point venues.
- The Service works in conjunction with other services to deliver learning programmes for specific groups of young people such as Teenage Parents.

Progression and Learning Service

Improving Progression of Young People Team

- 86 The Improving Progression of Young People Team manages statutory responsibilities on behalf of the local authority to increase the participation of young people in learning. This involves managing and co-ordinating the tracking of young people, ensuring those young people who are NEET (Not in Education, Employment or Training) are identified and supported and reporting performance to the Department for Education on a monthly basis.

The team supports young people who have special educational needs and disability (SEND) to make a successful transition into post-16 education, employment and training. The team also has a key role in commissioning further education provision for high needs students aged 16-24.

- 87 The team provide strategic leadership on policy developments relating to the provision of CEIAG (Careers Education, Information, Advice and Guidance) providing a range of support and activities to schools and colleges for them to meet their statutory responsibilities including: professional development for a CEIAG network; a newsletter that provides updates on national and local developments and the Help4Teens website for young people, incorporating a 'Planning Your Future' guide which provides information on the qualifications and learning routes available for young people aged 13 plus and 16 plus.
- 88 The Improving Progression of Young People Team engages with a number of partners including: schools; FE colleges; the North East Learning Provider Network; NECA; North East LEP, JCP; CDEP; RED Service Grouping and the One Point Service. This engagement ensures that the CEIAG provided by the team to schools and colleges is current and informs young people of all career options available including apprenticeship and vocational programmes together with detail of where further CEIAG support and information is available.

Durham Education Business Partnership (DEBP)

- 89 Durham Education Business Partnership (DEBP) sits within the Improving Progression of Young People Team and delivers careers guidance, work related learning and work experience to schools. DEBP offers a range of activities which can be purchased by schools including: a comprehensive work experience offer; work related learning activities to support skill development; careers exhibitions and mock interviews with employers.
- 90 In 2014/15 DEBP worked with 18,771 students, arranged 1,270 work experience placements (working with 31 schools of which 26 are in County Durham), delivered 181 work related education activities, enlisted 1,138 Business Ambassadors, delivered apprenticeship awareness sessions in 22 secondary schools and delivered 1,465 one to one careers interviews working with 12 schools in the county.
- 91 The DEBP engages with a number of partners including RED, ALSS, Education Development Service, FE colleges, local employers and schools in both the development and delivery of CEIAG. This engagement ensures that the support provided by the DEBP to young people is current, identifies growth employment sectors and gives detail of the various career opportunities and learning options available.
- 92 It was suggested by members that DCC needs to be pro-active with schools in promoting the importance of providing good quality CEIAG together with an opportunity for a meaningful work experience placement with a local employer and continues to monitor take up of provision by schools.

Recommendation 5

That Durham County Council is pro-active in promoting with schools the importance of providing young people with good quality Careers Education, Information, Advice and Guidance (CEIAG) together with an opportunity for meaningful work experience placement with local employers, and continues to monitor take up of provision by schools.

County Durham Adult Learning and Skills Service

- 93 County Durham Adult Learning and Skills Service (ALSS) provide learning opportunities for adults, employers and the community. The service offers a range of courses to suit the needs of individuals and is an approved provider for City and Guilds and the Institute for Leadership and Management. The range of courses on offer include:
- Vocational qualifications in: Business Administration; Customer Service; First Line Management; Health and Social Care, IT Application Specialist, Retail, Team Leading and Teaching Assistant qualifications.
 - Apprenticeships at both Level 2 and Level 3 to employed people aged 16 plus in the following sector areas: Business and Administration; Customer Service, First Line Management, Health & Social Care, IT Application Specialist, Retail, Team Leading and Teaching Assistant qualifications.
 - Functional Skills via maths, English & ICT courses to support individuals with basic skills from Entry Level to Level 2.
 - Supported Employment, supporting people with disabilities and/or a long-term health conditions in finding and retaining employment.
 - English for speakers of other languages providing practical English to enable better integration.
 - Community learning delivered in over 100 venues across County Durham.
 - Traineeships to vulnerable groups of young people e.g. Care Leavers.
- 94 In 2014/15 the ALSS delivered learning to 6,084 individuals with a 97% retention rate and a 98.6% achievement rate (ALSS performance targets). ALSS was graded 'good' by Ofsted with 'outstanding' apprenticeship provision when inspected in 2015.
- 95 ALSS undertakes extensive engagement with partners including RED, T&P (AAPs), CYPS (One Point and DEBP), CDEP, JCP, FE colleges, the voluntary sector and private training providers to develop and deliver various skill support programmes in the county.
- 96 This engagement provides ALSS with detail of the skill needs in local communities and the skill requirements of local employers enabling them to develop and deliver programmes which meet local needs. Examples of such programmes include: English and Maths for Work and Life; ICT for Users; and Preparation for Work.
- 97 ALSS is also responsible for the design, management and delivery of the DurhamWorks Programme.

One Point Service

- 98 The One Point Service works very closely with ALSS to support the delivery of programmes including Community Learning programmes delivered from One Point Service venues.
- 99 The Service also works in conjunction with other services to deliver learning programmes to specific groups of young people such as Teenage Parents. One Point Advisors provide advice, guidance and support to individual young people, focusing on those who are NEET, working with young people to identify their career aspirations, assess their employability/skill needs and engage them in appropriate learning.
- 100 The One Point Service is a DurhamWorks Programme delivery partner with the 10 DurhamWorks Transition Advisors located in the One Point Service supporting young people aged 16-18 through the programme.

6.3 Transformation and Partnerships (T&P)

Key findings:

- Eight AAPs currently having employment and/or training included in their top three priorities for 2015/16.
 - The largest share of AAPs Area budget (£5.7m from 2012) has been spent on projects under the 'Altogether Wealthier' theme with £1m spent directly on 74 skill based projects across all AAPs (for examples of AAP projects see Appendix 1).
- 101 The Transformation and Partnerships Service Grouping supports skill development by working in partnership to develop and deliver local projects via the Area Action Partnerships (AAPs) and strategic projects such as the Welfare Reform Initiative within the county (for further detail of the Welfare Reform Initiative see Page 18).
- 102 County Durham has 14 AAPs covering all areas of the county. The AAPs focus in engagement and empowerment through the delivery of high quality project interventions, giving local people and organisations a say in how services are provided.
- 103 Annually, AAPs identify their priorities with the 'Altogether Wealthier' theme becoming a priority in 2012 due to the impact of welfare funding changes. Currently eight AAPs have employment and/or training included in their top three priorities for 2015/16.
- 104 Members were informed that the largest share of AAP Area Budget (£5.7m) has been spent on projects/initiatives under the 'Altogether Wealthier' theme with £1m of AAP Area Budget spend going directly to 74 skill based projects across all AAPs. Data shows that for quarter 3 2015/16 the trend is continuing with £184,000 allocated to the 'Altogether Wealthier' theme.
- 105 The AAPs successfully develop and deliver a range of skill projects/initiatives across the county with various partners including: RED and CYPS Service

Groupings, JCP; NAS; Enterprise Agencies; schools, academies and FE colleges; employers and various voluntary sector groups in the county (for a summary of the various AAP skill projects developed and delivered by the 3 Towns, Derwent Valley and East Durham AAPs see Appendix 1).

- 106 The impact of Universal Credit, zero hour contracts and 'underemployment' will ensure that the 'Altogether Wealthier' theme remains an AAP priority with a project already in development 'Wheels to Work Scheme' to be piloted across Chester-le-street, Stanley and Mid Durham AAPs.
- 107 Members were provided with examples of various AAP projects focusing on skills development including a video produced on the Thomas Kenny VC Commemoration Event by East Durham College media students. The review group commented on the excellent quality of the video and suggested that it was shared with all AAPs providing an opportunity to show case the work of the students and to highlight the opportunities provided to the students by this community focused project.
- 108 The review group commented on the significant impact of AAP projects in supporting skills development in the county. Members continued by commenting that:
- AAPs need to continue to engage with local employers via Business Durham to ensure that AAP projects continue to meet their current and future skill requirements and that successful skill projects are shared across the AAP network.
 - The DurhamWorks bid presents significant opportunities for young people in the county. In order to maximise the opportunities available discussions need to continue between CYPS and AAPs to identify any AAP skill projects/initiatives that contain suitable elements to complement the DurhamWorks Programme.

Recommendation 6

That the Area Action Partnerships (AAPs) continue to develop local skill projects and initiatives and where appropriate share across the AAP network and work with the Children and Young People's Services Service Grouping to determine whether any elements of individual AAP projects can be used to complement the DurhamWorks Programme.

Recommendation 9

That a review of this report and progress made against the recommendations will be undertaken six months after the report is considered by Cabinet including as part of this process the following:

- A summary of AAP activity currently undertaken across the county focusing on skills development.

7. Role of key partners

7.1 National Careers Service (NCS)

Key findings:

- The National Careers Service (NCS) provides free impartial IAG to anyone over the age of 19 (18 if they are a JCP customer or offender).
 - The NCS has identified that there are few referrals from disability groups to the service and are in the process of developing links with DCCs Inclusion Team.
- 109 The National Careers Service (NCS) provides free and impartial Information Advice and Guidance (IAG) to anyone over the age of 19 (18 if they are a JCP customer or offender). All of the Careers Advisers are qualified to a minimum Level 4 with many holding Level 6 qualifications. The service delivers face to face sessions, group sessions and provides a full range of support from their phone service – ‘Careerline’ and from their Website.
- 110 NCS is responsible for delivering ‘Supporting Inspiration’, a new service which facilitates the brokerage between schools, colleges and employers. It aims to complement the work already being delivered in schools and colleges by assisting schools in meeting their statutory responsibilities for careers provision.
- 111 The initiative assists young people to develop their appreciation of the world of work, understand the local labour market and raise their awareness of opportunities and progression pathways whilst providing the opportunity for employers to educate young people about their sector and nurture future talent. The initiative has resulted in 19 schools and colleges in County Durham engaging with employers.
- 112 NCS has identified that there were few referrals from disability groups to the service and are in the process of developing links with DCCs Inclusion Team.

7.2 Bishop Auckland FE College (BAC) and New College Durham (NCD)

Key findings:

- Both colleges develop their curriculum through engagement and working with partners and employers at a regional and local level, and have identified opportunities to increase the number of apprenticeships, higher education students and 16 year old school leavers.
 - The colleges have designed bespoke training programmes for employers including: Black and Decker; Beamish Museum and Auckland Castle.
 - The colleges identified a number of future challenges; the need for succession planning; the need for Labour Market Information (LMI) to be consistent; the potential impact of Area Based Reviews and the Apprenticeship Levy.
- 113 Bishop Auckland FE College (BAC) is a medium sized college based in the South West of the County with training courses for engineering and manufacturing delivered at Newton Aycliffe by South West Durham Training (SWDT). New College Durham (NCD) is a large college with its main site at

Framwellgate Moor on the outskirts of Durham City, a technology centre at Belmont, NHS Clinics at Bishop Auckland and Newton Hall and links to the Welding Academy at Peterlee.

- 114 Both colleges curriculum is developed through engagement and working with partners and employers. BAC currently engages with 600 and New College 800 local businesses. Both colleges also work and engage with various partners including: DCC; social housing groups, JCP and Work Programme Providers, NCS, employer forums, Community Associations, Durham Business Club, CDEP and Employability Networks. At a regional level the colleges engage with North East Chamber of Commerce (NECC), NELEP and the Association of Colleges.
- 115 Both colleges design bespoke training programmes for employers including: Black and Decker, Beamish Museum, Durham and Darlington Fire and Rescue and Auckland Castle (Auckland Academy).
- 116 Both BAC and NCD identified a number of future issues and challenges including: the need to succession plan and ensure training programmes are in place to meet employers future skill requirements; the need for Labour Market Information (LMI) to be consistent across the sector with providers using the same Labour Market tools such as EMSI software (Economic Modelling Specialists Intl - provides employment data and trends); the potential impact of Area Based Reviews and the Apprenticeship Levy; schools failing to promote all career options to young people including apprenticeships and vocational and the high proportion of learners who lack basic employability and core skills such as maths and English requiring more intensive and bespoke support.
- 117 The colleges identify a number of future opportunities including government increasing the number of apprenticeship to 3 million by 2020 with both colleges having excellent apprenticeship success rates and ranked as high performing regionally and nationally. The colleges will continue to grow their market share of 16 year old school leavers, apprenticeships and higher education students and will continue to look for opportunities to develop new partnerships.
- 118 As part of the review process the group visited NCD and South West Durham Training (provides Engineering and Manufacturing based training programmes for BAC) (for detail of visits see Appendix 4).
- 119 The Review Group commented that partners in the county need to use the same Labour Market tools to ensure consistency in the data generated and used for succession planning purposes.

Recommendation 7

That key partners within the county be encouraged through the County Durham Economic Partnership (CDEP) to use the same labour market tools and share data so that there is a consistent approach to predicting employer's future skill requirements.

7.3 Business and Education Board (BEB)

Key findings:

- The BEB was established to give business and education engagement high profile across County Durham.
 - In July 2015 BEB developed an event 'Get the Buzz' week which included a series of employer roadshows delivered to schools in County Durham to help students learn more about the world of work.
- 120 The BEB gives business and education engagement a high profile in the county, facilitating dialogue between the sectors with a view to building lasting relationships.
- 121 To encourage dialogue the BEB developed a series of events to bring schools/colleges and businesses together. One event in July 2015 'Get the Buzz' week (supported by Business Durham) involved a series of employer roadshows delivered to County Durham schools which were designed to help students learn more about the world of work and the various opportunities available.
- 122 'Get the Buzz' week resulted in 17 businesses participating in the event together with nine schools in the county resulting in the engagement of 3,363 pupils. Feedback from the event from both schools and business was very positive however the event was a one-off as future funding could not be secured.
- 123 The members of the Review Group highlighted the need for the BEB to use the success of 'Get the Buzz' week to sustain and increase dialogue between the sectors and to work with key partners in the county to identify and develop future opportunities for business and education engagement.

Recommendation 8

That the Business and Education Board build upon the success of 'Get the Buzz' week by continuing to work with partners to identify and develop future opportunities for business and education engagement across County Durham.

Recommendation 9

That a review of this report and progress made against the recommendations will be undertaken six months after the report is considered by Cabinet including as part of this process the following:

- A summary of activity undertaken to develop further opportunities for business and education engagement.

7.4 County Durham Economic Partnership (CDEP) and the Business, Enterprise and Skills Working Group (BES WG)

Key findings:

- The CDEP is one of five thematic partnerships within the County Durham Partnership and provides linkages to the NELEP and the NECA.

- The BES WG is a working group of the partnership with a key role in co-ordinating business engagement in the county and in the development and delivery of the County Durham Skills Strategy.

- 124 The CDEP is one of five thematic partnerships within the County Durham Partnership with has over 60 public, private and voluntary and community sector organisations making up the membership. The Partnership provides linkages to the NELEP and the NECA via DCC, influences the allocation of EU funding and supports linkages and partnership working across the county.
- 125 The members of the CDEP serve on the various partnership Working Groups including the Business, Enterprise and Skills Working Group (BES WG). A key role for the group is involvement in the development, co-ordination, monitoring and delivery of the County Durham Skills Strategy. The strategy aims to improve the skills of working age residents within the county. All partners in the CDEP are signed up to the Skills Strategy.
- 126 The BES WG also has a role in co-ordinating business engagement. Over 90% of the business base in the county is made up of SMEs and micro-businesses which makes engagement with the majority of the business base challenging particularly when trying to identify future skill requirements. SMEs and micro-businesses do not have the resources to produce a forward skills plan.
- 127 In response, the BES WG has developed a Business Protocol. The protocol ensures intelligence, contacts and duplication of activity is shared and avoided to allow businesses to access the best level of service available and in relation to providers to ensure delivery through the appropriate targeting of limited resources. The protocol benefits both skills development and business through the better understanding of the future skills requirements of business across the county.
- 128 The Review Group commented that the development of the Business Protocol by the BES WG would significantly add to the data already available in the county to predict future skill requirements particularly in relation to SMEs and micro-businesses (see recommendation 7 page 26).

7.5 Infinite Learning and Development (ILD) and South West Durham Training (SWDT)

Key findings:

Infinite Learning and Development (ILD)

- ILD is a private training provider with training facilities and a separate welding academy at Peterlee offering a range of training opportunities.
- The welding academy was established by ILD to meet the skill requirements of Caterpillar (CAT) a local employer based at Peterlee.
- Apprentices receive four month intensive welding training up to industry standards as part of the apprenticeship programme.
- The apprenticeship programme has been extremely successful with 92% of apprentices retained.

South West Durham Training (SWDT)

- SWDT is a private training provider based on Aycliffe Business Park.
- Since 2014 SWDT have worked in strategic partnership with BAC to develop and deliver a portfolio of apprenticeship and training programmes with over 80% of students achieving apprenticeships.
- SWDT deliver BTEC programmes for Woodham Academy, Staindrop School and Ferryhill Business Enterprise College.

- 129 ILD have facilities at the Caterpillar (CAT) Learning Centre and a separate welding academy on the North West Industrial Estate, Peterlee. SWDT is based in large, modern built premises, the CORE (Create Opportunity, Realise Excellence) on Aycliffe Business Park.
- 130 ILD offers a range of training opportunities at both facilities including apprenticeships, workplace qualifications, industrial services, pre-employment courses and a Simulated Working Environment (SWE). SWDT provides access to bespoke and accredited vocational training and apprenticeships developed with local manufacturing and engineering companies.
- 131 The ILD welding academy was established to train young people to the industrial standards required by Caterpillar (CAT) and some of their suppliers. The Academy provides a one-stop-shop for training with trainees undergoing intensive training for four months at the end of which they will have completed a Diploma in Fabrication and Welding Functional Skills.
- 132 Following the four months in the welding academy the trainees move to the shop floor for a short period of 'on the job' training where they are supported by mentors to complete the NVQ element of the Level 2 Apprenticeship and further welding qualifications. The welding academy also offers programmes that deliver training courses and qualifications which run from one to five days to help improve the skills of employees from local companies.
- 133 In the last three years, the welding programme has delivered 57 'Junior Welders' for CAT of which after one year, 92% have been retained on an agency contract. It was explained that over 50% of those retained had returned to complete Level 3 apprenticeships. Discussions are taking place between ILD and Caterpillar to use this model of apprenticeship programme to provide a one year apprenticeship for fitters.
- 134 In February 2015 the Welding Academy, the apprentice programme and the partnership between ILD, CAT, DCC and New College, Durham was recognised by the Science, Engineering, Manufacturing and technologies Alliance (SEMTA) as a finalist in the National Training Partner of the Year Awards held in London.
- 135 Since 2014, SWDT has worked in a strategic partnership with BAC with SWDT retaining its status as a separate company within the college's structure. BAC and SWDT working jointly to develop a portfolio of vocational progression routes. SWDT also deliver apprenticeship programmes in partnership with Darlington and Middlesbrough colleges and engage with a number of local schools delivering BTEC programmes for Woodham Academy, Staindrop School and Ferryhill Business Enterprise College.

- 136 SWDT currently offers an extensive range of apprenticeships programmes including: tool-making/machining; electrical/mechanical maintenance; and fabrication and welding. The apprenticeship programmes has a high success rate with over 80% of students achieving apprenticeships.
- 137 SWDT delivers bespoke training programmes for local employers via its commercial courses such as: Fork-lift truck; manual handling; electrical; health and safety; hydraulics and pneumatics and robotics and automation; lean manufacturing and quality assurance.
- 138 SWDT has identified a number of future opportunities including: an increase in local employers wanting bespoke commercial training and apprenticeships (currently delivering training programmes for Hitachi Rail Europe and EDF); continuing to develop its relationship with local schools and to develop and deliver higher level apprenticeships (HND level) in 2017.
- 139 The Review Group visited ILD on 18 May and SWDT on the 2 June 2016 (for detail of the visits see Appendix 4)

Contact:	Diane Close,	Overview and Scrutiny Officer
Tel:	03000 268 141	

Summary of projects undertaken within Area Action Partnerships

3 Towns AAP

1. The 3 Towns Partnership has worked on the priority of employment and job prospects, education and training for the last five years and has invested over £185K of Area Budget in a range of projects including:
 - **Social Justice Pilot** was launched in 2014 with the aim of improving welfare and wellbeing outcomes for customers receiving DWP benefits in crook, especially those who are vulnerable and or have particularly challenging circumstances.
 - **DCC Employability Mentoring Project/** provides tailored support for unemployed people living in the 3 Towns area and was launched in 2011. The project provides a co-ordinated programme of pathways into employment, enabling workless people to access opportunities and build skills that lead to sustainable employment and work with local employers to identify staffing needs to help fill vacancies from the target group (unemployed residents of the 3 Towns AAP who at registration are not part of the work programme). From 2012-2015 the project has achieved: 546 referrals to the programme; 454 one to one mentoring; 214 into employment; 66 into self-employment; 125 in employment; 106 into training; 31 volunteers/work placements and 23 apprenticeships.
 - **Inspiring young people and securing their futures** is a project developed from the relationship between the 3 Towns Partnership and Parkside Academy which provides a set of bespoke careers education events to offer extra support to pupils on top of the schools statutory careers requirements. These events are in the form of off timetable days that enable pupils to talk to both local and regional employers, obtain useful skills and knowledge by taking part in mock interviews and finding out key careers guidance information that will help them find the right employment pathway post 16. The project to date has delivered: 4 advice and guidance sessions; an entrepreneurial session for year 10 pupils; a post 16 parents evening for year 11 with a variety of employers in attendance and 2 careers based sessions delivered by DCC's Education Business Partnership to year 8 and year 11 pupils. To date 470 pupils have benefitted from the project.
 - **South Durham Enterprise Challenge** has been funded for two years in the 3 Towns Partnership area. The project aims to motivate and build self confidence in young people through a programme of skills development and enterprise and engineering activities. In 2012, the project took place with Parkside Academy, Teesdale School and Wolsingham School. In 2013 4 AAP's came together to fund the 2013 Schools Enterprise and Engineering Challenge bringing students from four schools into contact with employers and the workplace while working on a design and engineering project.
 - **Training & Preparing for Employment (Young People)** project aims to train and upskill around 20 local young people interested in the sports industry/sector. DCC's Dales Sport & Physical Activity Development is working across the 3

Towns locality with community sports clubs, youth and community groups, schools and colleges to identify appropriate candidates to offer training and voluntary experience to give the young people a much greater opportunity of employment either full-time, part-time, apprenticeship or casual session work. Those young people accepted onto the project can then access appropriate coaching courses followed by a further period of 10 hours voluntary work within a sports club or community setting.

- **Willington Job Club – Willington Community Action** is a community based job club with the aim of helping local people to become more employable. The project includes functional skills, how to write a covering letter and CV, money management skills as well as opportunities to gain qualifications in subjects such as health and safety and food hygiene.
- **Computer Equipment Renewal – Tow Law Community Association** is a project replacing existing computer equipment to bring the computer suite at Tow Law Community Centre up to date to enable the delivery of training in I.T and other subjects provided by DCC's Adult and Skills training service.

Derwent Valley AAP

2. Derwent Valley partnership has tackled Employment, Education and Training since 2012. During this time, the partnership has helped to support and deliver a range of related projects and activities including:
 - **Derwent Valley Enterprise Clubs** are enterprise clubs designed and developed to encourage and support local people considering enterprise as an employment option. The clubs took the format of informal gatherings featuring speakers from the local business community as well as mentors/business coaches (£8,500 funding – match funding £35,000).
 - **Engineering Challenge** continues to raise student's aspirations by providing an awareness of the potential for a career in engineering or manufacturing. Participating students undertook a competitive challenge to design and manufacture electric cars and mechanical transporters to the engineering specifications provided (£5,500 funding – match funding £20,000).
 - **Routes into employment** is a project which has a number of elements aimed at supporting the development of skills and accessing employment. The project set up Construction Skills Certificate Scheme (CSCS) card pre-testing training and a public CSCS card testing centre locally. The project offers a particular focus on those who fall outside the eligibility of other training, longer term unemployed (six months plus), 16/17 year olds and those with health disabilities which included providing work placements, support with job searches, developing CV's, interview preparations, confidence building and raising self-esteem making individuals more job ready (£8,000 funding – match funding £11,123).
 - **Consett Swimming Club Coaches** project supported Consett Amateur Swimming Club (CASC) to develop the swimming skills of children and swimmers of all ages to national NPTS standards by developing Level 1 coaches up to Level 2 (£6,000 funding).

- **Business Adviser Project** provides a face to face business support service designed to work directly with business owners with a view to helping them grow to create employment opportunities and to maximise the support services and resources that are available to them (£10,000 funding).
- **Able, Gifted and Talented Challenge Programme** is an activity which aims at challenging and stretching able, gifted and talented students at Consett Academy aged between 11-18 years. A total of 220 students have benefitted from the programme (£5,178 funding – match funding £250).
- **Derwentside Valley Skills Audit** was undertaken in partnership with over forty local employers which provided an overview, giving a holistic picture of the area's employment and skills level which will be used to create a skills and employability action plan (£2,900 funding).
- **Derwent Valley Apprenticeship Scheme** builds on the success of the previous scheme in 2012 and will create a further 20 x 12 month apprenticeship opportunities in Derwent valley with an emphasis upon higher level skills and qualifications (£16,500 funding – match funding £30,000).
- **Security industry Authority (SIA) Licence and Construction Skills Certificate Scheme (CSCS)** two training courses are available and offered for anyone unemployed, aged 19 plus living in the area (£8,490 funding – match funding £21,496).
- **STEM Careers and Job Event** is a one day event involving local and regional employers, Further and Higher Education colleges for students from across North Durham to increase their awareness of the wide range of local and regional employment opportunities linked to STEM (Science, Technology, Engineering and Maths) areas and entitled 'I didn't know that these jobs existed' (£3,000 funding).

Moving forward the partnership through the Employment, Education and Training Task Group, a strong emphasis is being placed on supporting the development of higher level Science, Technology, Engineering and Maths (STEM) skills/qualifications for young people in the fields of creative industries, financial, professional and business services, digital industries and life sciences. This focus reflects the proposed approach of the North East Combined Authority Economic and Regeneration Advisory Board.

Two emerging projects that the partnership is looking to develop: the STEM Employment Engagement Manager post and a Business Growth Skills Academy.

- **STEM Employment Engagement Manager** – the Task Group is currently working with Consett Academy to develop a part-time STEM Employer Engagement Manager post 2 days per week to be provided at Consett Academy.

The aim of the project is to raise young people's (11-18 years of age) awareness of the world of work; raise young people's aspirations; support young people to understand the opportunities the STEM sector represents in the local and regional labour markets; challenge aspirations, stereotypes and

misconceptions about employment, particularly in the STEM sector. The project is planned to start in April 2016.

- **Business Growth Skills Academy** –the aim of this pilot project is to accelerate business growth, improve management skills and deliver job creation. The project consists of a skills training programme aimed at managers and business owners who have a level of ambition, capacity and capability to improve and grow their businesses but need extra training and support to plan and implement their own growth programme. The project will train participants in recognised business growth skills, followed by a period of mentoring to support them with implementation. Each business will participate in three training workshops followed by twelve hours of 1-2-1 mentoring. The project will create 8 additional jobs locally, with 8 businesses demonstrating improved capacity and performance.

East Durham AAP

3. Job Creation, Training and Education has been one of the top priorities for East Durham AAP since 2009. Working together with key stakeholders including DCC Employability Team, local businesses, schools and colleges, training providers and residents, East Durham has delivered a wide range of projects to tackle the barriers that prevent access to education training or employment opportunities. This work had been supported by a total investment of £141,831 (Area Budget) and £193,817 (Neighbourhood Budget). Each project has been developed to address local need and skill gaps. Examples of projects include:
- **Targeted Apprenticeships** – it was identified that an aging work force was an issue for a number of local industries, and whilst there was a focus from the National Apprenticeship Organisations on engineering, retail, administration, the voluntary sector were finding it difficult to offer opportunities for young people. The DCC Employability Team, working with partners identified not for profit organisations that would create 7 new apprenticeship/ job opportunities within the community voluntary sector. In order to ensure that the Programme was flexible and as inclusive as possible the DCC Employability Team worked with Jobcentre Plus to engage with their clients.
 - **Family Learning** – the aim of the project is to provide family learning opportunities and address the issues of access to learning. The project supported parents to engage in the learning process with their children by providing family learning activities. The focus of this project was to target those families experiencing intergenerational unemployment and engage families as a unit in the first step towards more structured and accredited training.
 - **Thomas Kenny VC Commemoration Event** - East Durham AAP has introduced a number of projects that challenge existing stereotypes and encourage individuals to look at all opportunities. As part of the Thomas Kenny VC project, East Durham College media students were commissioned to record the event. They were able to use their skills and knowledge gained on their course, working closely with the BBC and Tyne Tees news teams. This project increased the student's aspirations, will significantly contribute to their qualifications and support their applications to University and employers. The project was funded by Heritage Lottery funding (£6,600).

- **Community Job Clubs** - the Community based Job Clubs were introduced to minimise both the financial and health impact on individuals and families of being unemployed. Based in Community Buildings across East Durham, the Community Job Clubs were launched in June 2015. There are now Job Clubs in ten communities in East Durham AAP area which are run by trained volunteers. There is a regular weekly attendance of nearly 200 residents across the 10 clubs with 26 people to date securing employment.

DRAFT

DurhamWorks - Delivery Partners

SHAID (Single Homeless Action Initiative Durham)	Strand 2
Consett YMCA	Strand 2
Springboard Sunderland Trust	Strand 2
Citizens Advice County Durham	Strand 3
Cornerstone Supported Housing and Counselling	Strands 2 & 3
Jack Drum Arts	Strand 2
Social Enterprise Acumen CIC	Strand 3
Sunderland, Chester le Street and Fencehouses YMCA	Strand 2
Groundwork NE and Cumbria	All strands
Gateshead College	Strands 2 & 3
County Durham Community Foundation	Strand 3
Foundation of Light	Strands 2 & 3
Amacus Limited	Strands 2 & 3
TIN Arts Limited	Strand 2
East Durham Business Service	Strand 3
Dame Kelly Holmes Trust	Strands 2 & 3
Durham County Council – Progression and Learning	Strand 1
Durham County Council – One Point (and delivery on behalf of Looked After Children and Public Health)	Strand 1 & 2
Durham County Council – Regeneration and Economic Development	Strands 1 & 3
Durham County Council – County Durham Youth Offending Service	Strands 1 & 2

Employers

Dyer Engineering Limited (DEL) and the Esh Group

1. Dyer Engineering Limited is based in the North of the county (Annfield Plain and Harelaw) and was established in 1977 and provides a range of services including: design services; fabrication and welding; specialist coatings and assembly; rapid response and computer numerical control (CNC) engineering and traditional machining.
2. The Esh Group has its Head Office on the Bowburn North Industrial Estate near Durham City and operates in a number of sectors including: housing and regeneration; civil engineering; general and specialist building; fencing and landscaping; plant hire; recycling and energy solutions.
3. Both companies recognised that they had an aging workforce (DEL 60% of skilled workforce over age 55) and that they needed to succession plan and, establish suitable apprenticeship programmes to ensure that they 'grow' the skills within their own workforce to replace retiring members of staff.
4. The companies have dedicated resources to promote and manage the various apprenticeship programmes. In relation to promotion both companies engage with schools, colleges and universities in the county highlighting opportunities and identifying the wide range of career pathways (including graduate opportunities) available in both companies. Type of engagement undertaken includes:
 - Attendance at school and FE colleges career days, events and fairs.
 - Providing work experience opportunities, specific projects working with young people (Employability Skills Programme, Future Business Magnates and STEM Careers Event), host visits and mock interviews.
 - Websites providing detail of apprenticeship and graduate opportunities available and career pathways.
 - The Esh Group also have handouts which detail the opportunities within the various sectors of the company.
5. The Esh Group engage with primary schools via the 'Get into STEM' initiative and has invested over £5,000 to develop a 'building and engineering' focused STEM kit. The kit will be deployed in approximately 72 schools for up to two weeks over the course of the 2015/16 academic year. The Esh Group estimate the STEM activities will engage over 5,000 students. In 2015, the STEM kit was deployed in 4 primary schools in Durham (Framwellgate Moor, Our Lady Queen of Martyrs R.C, Esh Winning and Witton Gilbert) engaging 135 students from Reception to year 1.
6. Both DEL and the Esh Group commented that teachers do not have the knowledge of the skill requirements of the various sectors and the career pathways available to be able to advise young people of current and future opportunities within their companies for example in the Esh Group a kerb layer has a career pathway which can lead to a site manager. Engagement by the

companies with secondary schools and FE colleges provides the opportunity for good quality IAG to be given to young people for them then to make an informed decision.

7. DEL provide opportunities for teachers to undertake work experience with the company so that they are informed about the various career options/pathways in the engineering sector and can provide young people with quality IAG. Teachers who have undertaken work experience have commented on how much better informed they are on the requirements and opportunities within the engineering sector and can provide better quality IAG to students.
8. Members commented that the need for young people to be provided with good quality IAG had been highlighted in a number of meetings and would feature in the recommendations of the Review Group.

DRAFT

Visits

New College Durham – Visit 25 April 2016

- 1 On the 25 April 2016 members of the review group visited New College Durham where they were greeted by the Principal, John Widdowson and Vice-Principals Mark Anderson and Mo Dixon. The Principal highlighted that NCD works in partnership with DCC, collaborating on various projects together with other partners in the county such as Infinite Learning and Development (ILD) in terms of the Welding Academy at Peterlee.
- 2 Approximately 22% of the school leaver cohort in County Durham attend NCD providing an alternative to staying on at school in the Sixth Form with a different culture to school, more akin to university or the workplace with students treated as adults and expected to maintain high standards of behaviour and timekeeping.
- 3 NCD offers students the opportunity to study for AS/A-Levels however the majority around 90% were studying for technical and professional qualifications with a number of students becoming entrepreneurs having successfully completed vocational programmes in catering, hospitality, painting and decorating, hairdressing, plumbing and electrical testing. NCD also provide ESF work related programmes for the unemployed via a number of partners based in the local community and response to redundancy programmes.
- 4 It was highlighted by NCD that one of the major challenges for partners within the county is to identify future skill needs. NCD works with partners and employers, approximately 1,000 annually (in terms of apprenticeships, work experience and work placement) providing an opportunity to discuss and identify their skill requirements whilst also providing opportunities for young people in the work environment. NCD is working with Atom Bank identifying the skills they currently need and also their future skill requirements, to grow apprentices locally to support their future skill needs going forward. It was suggested by NCD that partners need to use the same Labour Market tools to predict future skill requirements.
- 5 Data is captured by NCD at the end of each academic year on the destination of students (continue in further education or training, into employment, which sector employment is, apprenticeships etc.) with the destination then tracked/monitored for a further five years. The data is then used by NCD to remodel programmes if required to reflect those destinations identified.
- 6 The college is currently undergoing building works totalling £5m which includes the reconfiguration of the Higher Education building to create more classrooms and breakout areas, the creation of a Creative and Digital Centre, a creative hub with industry standard design and media facilities and an advanced Manufacturing and Engineering Centre to respond to the regions need for skilled workers in the sectors.

- 7 NCD publicises the range of programmes via its website including social media, education networks including schools in the county, various employer networks and forums, links with the NECC, Business Durham and career events held on a monthly basis (first Tuesday of every month).
- 8 The Principal (John Widdowson) and Head of Marketing and External Partnerships (Dawn Fairlamb) then took members on a visit of the main college building which included the following areas: The Le Nouveau Restaurant, where members of the review group sampled refreshments including scones prepared by the students with a chef from the Marriot Hotel in attendance to give instruction; kitchens and facilities for SEND students; engineering and motor vehicle maintenance areas; joinery and bricklaying areas; gas, plumbing and electrical testing areas; painting and decorating; the Sixth Form Centre; health and social care; the Creative and Digital Centre; hair and beauty salons and the performing arts provision.
- 9 Members of the review group commented on the outstanding facilities and the wide range of courses and programmes on offer including: FE vocational; GCSE and A Levels; apprenticeships; Higher Education (50 degrees available); community short courses; bespoke courses designed for employers and return to work and employability provision.

Infinite Learning and Development (ILD) - private learning provider) – Visit 18 May 2016

- 10 On the 18 May 2016 members of the review group visited Infinite Learning and Development where they were greeted by Keith Corbett, Operations Director. Members were reminded that Infinite Learning and Development occupied two sites providing training opportunities in facilities at the Learning Centre of Light and at the separate Welding Academy.
- 11 Members were then given a tour of the facilities at the Learning Centre of Light and were informed that ILD work with partners including New College Durham to provide and deliver various training including apprenticeships, pre-employment courses and qualifications.
- 12 ILD provide a Simulated Working Environment (SWE) (one of three in the country) in the Learning Centre of Light, which replicates a fully operational assembly line and includes an integrated classroom facility. ILD use the SWE as part of the induction programme which they deliver for CAT and pre-employment programmes they deliver to various organisations and universities. Over 7,500 people had undergone training via the SWE
- 13 The review group was then taken on a tour of the welding academy where members were informed that ILD has developed and delivered welding programmes specifically to meet the training and succession planning needs for Caterpillar Articulated Trucks (CAT). CAT and its suppliers had recognised that they had an aging workforce (2010 average age of a welder at CAT plant was 55) however young people with NVQ qualifications in welding did not have the specific welding standards required by both CAT and its suppliers.

- 14 Following the tour the review group met with representatives from Caterpillar (Graham Anderson, Group Manager, Helen Hopper, Human Resources and Jim Richardson, Senior Section Manager (Operations)) to discuss with them the model of training used by ILD for apprentice welders.
- 15 Members were informed that Caterpillar considers the apprenticeship model a great success with apprentices trained to industry level within a 4 month period this then allows them to return to the caterpillar plant where they can 'hit the floor running' and be productive, working alongside mentors to provide support and further develop their skills. It was highlighted that apprentices who have not undergone apprenticeship training via the academy do not have the level of skill required by Caterpillar. The most recent cohort of apprentices from the Welding Academy included a female welder.
- 16 It was highlighted that Caterpillar was proactive in engaging with partners and developing training programmes to meet its current and future training needs. It was highlighted that this model works because ILD are delivering training specific to the requirements of an employer and that this model could be adapted for use in other sectors.
- 17 It was also commented that Caterpillar and ILD promote the opportunities provided by the welding academy and that Caterpillar also engages with schools to raise the profile of career opportunities to attract young people into the manufacturing and engineering sector.
- 18 CAT currently provides work experience opportunities to five local schools via 4 work experience modules which have been developed with business partners and have been added to the school's curriculum for 2015/16. CAT have 12 engineering ambassadors who evaluate students' performance in the work place whilst on work experience, any student deemed as excellent in one module by more than one business ambassador may get the opportunity to be fast tracked to an assessment centre for future apprenticeship opportunities. CAT also have a further 26 employers trained to be business ambassadors who deliver work experience in manufacturing, career choices and work readiness.
- 19 The review group highlighted the excellent training facilities provided at ILD both at the Learning Centre of Light and the Welding Academy. Members also commented on the significant success of the apprenticeship model used by ILD at the welding academy which had been developed with CAT to meet their skill requirements.

South West Durham Training (SWDT) - Visit 2 June 2016

- 20 On the 2 June 2016 members of the review group visited South West Durham Training where they were greeted by Lee Childs, Chief Executive Officer. Members were informed that SWDT provides training for local manufacturing and engineering companies predominantly around the Newton Aycliffe and Darlington areas.
- 21 Members were then given a tour of the excellent facilities provided at the CORE facility where they were given detail of the special equipment provided including:

- High Automated System (HAS) which has been devised based on the training requirements in industries with a high level of automation. Its versatility and attractive design allow the reproduction of the operation of a real factory, allowing the study of different scenarios. The highest state-of-the art technologies used in productive processes are integrated in this didactic system, which responds to the need of the most diverse sectors (automotive, semiconductors, food, pharmaceutical etc.).
 - Flexible Manufacturing System (FMS) is used for integral training in industrial automation. The modular features of this flexible automation cell allow the introduction of variations in the posts of which it is comprised so that they adapt to the different requirements of companies and training centres.
 - Industrial Process control and Bottling and Filling Station allows the raw material to be moved from the side tanks to where the mixing takes place. Once mixed, the liquid leaves the tank and moves towards the drainage section of the station. This equipment is specially designed for the development of professional skills required in the continuous process industry (in sectors such as food, pharmaceutical, chemical, petroleum, etc.).
- 22 In addition, when undertaking the tour the review group observed young people using welding equipment, operating the lathe machine and various electrical engineering equipment used in the sector with employers from Hitachi Rail Europe undertaking a bespoke introductory course during the visit.
- 23 The review group commented on the excellent training facilities provided.

This page is intentionally left blank



MINUTES

Meeting	County Durham Economic Partnership Board
Date of Meeting	Tuesday 12 th July 2016
Time	13.00 – 15.00
Venue	Spectrum Business Park, Durham County Council, Seaham

Attendees:

Brian Tanner	Chair
Sue Parkinson	Vice Chair & Chair of the Business, Enterprise & Skills Group
Cllr Eddie Tomlinson	Chair of Rural Working Group
Cllr Neil Foster	Cabinet Portfolio Holder for Economic Development and Regeneration, Durham County Council
Jon Gluyas	Durham University
Simon Goon	Business Durham
Barbara Gubbins	County Durham Community Foundation
Michelle Gorman	Visit County Durham
Carole Daniell	Job Centre Plus
Sarah Robson	Chair of Housing Forum
Sam Pye	Work Experience
Simon Hanson	FSB
Andy Palmer	Head of SPP, Durham County Council
Heather Heward	North East Local Enterprise Partnership
Tarryn Lloyd Payne	Strategy & Partnerships, Durham County Council
Angela Brown	Strategy & Partnerships, Durham County Council

1. Welcome

BT welcomed everyone to the meeting today and mentioned Sam Pye who was on Work Experience and in attendance and also thanked HH for attending today. BT mentioned that the meeting was to focus on the EU Programme and the intention was still to do this after the unexpected result of the referendum with a focus on projects and areas in need of development rather than the unknowns of national policy.

BT highlighted the need to keep linkages between partners so that projects and pipeline coming forward are strengthened. Need to look at gaps and other opportunities.

2. Apologies

Stephen Howell	Head of Sport & Leisure, DCC
Ian Thompson	Director of Regeneration and Economic Dev
Neil Graham	Chair of Durham City Board
Arun Harish	CPI
Geraldine Kay	Derwentside Homes
Alison Gittins	Durham Business Club

3. Minutes of the last meeting

These were agreed as a true record.

4. Matters Arising

There were no matters arising and all actions are complete.

5. Economic Bulletin and Performance – Brian Tanner

BT introduced the Economic Bulletin and accompanying paper. As previously discussed the Bulletin is aimed at providing latest available information on the health of the economy and the CDEP Economic performance. It is a valuable update and the data have been chosen to show the current health of the economy.

BT highlighted the following:

- County Durham tracks the national trend quite well.
- House prices in the County and GVA index per head was low compared to that of England.

The board discussed the following:

- Ensure agreed performance measures and strategies through working groups are aligned with the bulletin.
- Recognising that economic data is available across different timescales the bulletin didn't have to be constrained to CDEP Board meetings deadlines. However, it was agreed that in order to support the "intelligence and performance" role of the board it was recognised as useful to align to board meetings where possible.
- Further analysis would be welcomed.

BT asked the Board if they endorsed the bulletin and agreed for it to be circulated across the partnership.

Action: The Board endorsed the Economic Bulletin and agreed circulation across the CDEP's Partnership

6. Wider Context for Investment in County Durham – Andy Palmer

AP gave a presentation to the Board. AP set the strategic context in terms of investment that is either being developed or has been developed in regards to County Durham. Investment themes include:

- Skilled and Educated People
- Innovative Businesses
- Better Infrastructure

Investment themes were set against NELEP, NECA, Local Growth Fund allocations and projected investments for the County. Further details are contained within the presentation. The board discussed our own CDEP Ambitions and Measures of Success in relation to those of the regional economic plan and how we are supporting the SEP ambition for “More and Better Jobs”

7. European Programme – Heather Heward, Programme Manager, Northeast Local Enterprise Agency

HH gave a presentation in regards to updating on European Structural Investment Funds but wanted to highlight that there are daily changes so she could only update on what was known on the day..

The ESIF fund is made up of 3 funds ERDF/ESF/EAFRD. The potential commitments are £194m. £89m of this is contracted and the rest is in the pipeline. There is currently £242m without projects against the funding. Figures provided are accurate as at 6th July 2016.

The board discussed the latest information on thematic themes.

- Consideration of project pipelines and available investment
- Implications of unresolved project criteria/eligibility within Low Carbon
- CLLD, which despite progress, is now at risk
- Any projects that are contracted will proceed as planned. Exceptions are EARFD/ LEADER which is linked to DEFRA and are they are still working in Purdah conditions.

Brian Tanner thanked Heather Heward for the presentation and discussion.

8. County Durham EU Investment Programme – Sue Parkinson

SP updated Board members on the EU Investment Programme.

Initial concerns in regard to the County Durham element of the Investment Plan and establishing a route for our viewpoint to be heard by NELEP and ESIF Committee have been overcome and we can thankfully say we are now very well linked-up.

The County Durham EU Investment Plan (distributed for the meeting) is to keep partners updated on latest investment position. Of particular note is the inclusion of the CDEP business case in regards to reallocation of funding from Low Carbon to SME Competitiveness and CLLD resources.

In relation to projects it highlights the latest position in regard to project pipeline development being developed.

P.15 shows the ring-fenced allocation for Durham. It is intended to be updated after every ESIF committee to look for synergies and ensure effective management of remaining allocations.

SP expressed her personnel thanks to all EU Workstream leads for all their hard work and commitment to get us to this stage.

Comments/Questions

The board welcomed seeing all information together at a national, regional and county level and thought it would be useful to have an understanding of timescales. HH informed the Board that they are having daily discussions to try and work out the timescales. DCLG Local team are keeping them updated as best they can but are nationally driven by a Central Policy team linked to the Treasury. Projects in the pipeline are spending at risk and clarification is needed quickly.

The board further discussed possible scenarios and importance in regards to continued development of the project pipeline. It was important to keep this work progressing irrespective of whether future funding might or might not be available.

9. **County Durham Investment Portfolio – Andy Palmer**

AP gave a presentation on the position of other public investment. AP reminded the board on where the County's economy had come from in the last few years, including;

- Witnessed a fragile economy recovery over recent years but we are making progress
- Have had continued challenge of securing private and public sector investment
- Challenging times ahead
 - Brexit and changing government in UK
 - Unknown impact upon the economy, terms and conditions of access to the European market, plans for regional devolution, national policies and replacements for EU structural funds
- However resources are available to support economic growth
- Must continue to work with private sector and partners to support confidence and opportunities

It was felt that confidence has been low for the last 9 months and it is thought to be lowest since 2012. There are big pressures that are not being addressed. The growth has not necessarily been where investment is needed most. Going forward we must continue to work with private sector partners to address our local challenges.

These challenges are laid down in the strategic economic plan. As a local partnership we need to agree how we organise ourselves in aligning, agreeing and prioritising available and potential resources.

The board discussed the current investment programme being shaped by the NECA and NELEP. As a £300m programme the board agreed the significant opportunity. The board discussed opportunities within our existing approach for increased collaboration and prioritisation. The Board agreed that investments would continue to be processed through relevant working groups and would not be best served through a separate "infrastructure" group. It was also agreed we should be making links with other groups that can feed in. All agreed we need to use current groups to make these links.

SP welcomed this continued approach of Partnership involvement and it should be used when and as best it can be

Next Steps where highlighted as:

- NELEP/Government Challenge Session on outline LGF programme planned 12th July 2016
- Continued shaping and influencing the programme developed through the NELEP prior to submission on 28th July 2016 – in consultation with NECA, partners and LAs
- Project EOIs form an investment pipeline and subsequent processes will be announced to demonstrate shortlisting, business case development etc.
- Inform the refinement of priorities and ambitions of the SEP refresh through consultation events in July 2016

10. Partner and Working Group Updates

BT invited the chairs to provide updates:

Cllr Eddie Tomlinson – Rural Working Group

The Rural Working Group met on 14th June. The group discussed the BES Strategy for Co Durham; it was very useful to see the clusters of rural business /sectors in the County, as there is excellent diversity and not just in West Durham Dales. The LEADER programme has received 140 enquiries to date, 8 of these have gone to full application. The Rural group also received an update on NEFRAN. Craig Wilson updated the group on the Durham Tourism Management Plan which had now been circulated to partners. The CLA gave an update which was to help members on a pre vote situation for EU referendum as farmer would be affected either way.

Sue Parkinson – BES Working Group

In addition to the EU Programme development SP highlighted that the BES Framework is now published in document form but would like this to be an interactive document online aligned with the skills strategy. Business Durham is looking at ways of hosting this due to the limitations within the CDEP web site.

Sarah Robson – Housing Forum

The Housing Forum met on 20th May, the meetings are now being held quarterly. There was discussion around devolution and what it means for the housing sector as this is unclear at present.

There are major changes to local housing allowance which will affect the amount of housing benefit for people renting in the Private Sector. There are caps on this in Durham, but these charges depend on geography. People under the age of 35 have been dropped to single person's room rate so an increase in house sharing is expected. There are lots of concerns especially around the impact on young people and on prospective development opportunities.

Barbara Gubbins – VCS

As public spending cuts, welfare reform etc. continue to bite then the need for the kind of crisis response services that the VCS delivers becomes more evident. Threats of an impending economic crisis looming after the EU Referendum give rise for concern.

Funding for infrastructure support becomes more difficult to access. Only East Durham Trust left as locally-based infrastructure organisation.

ESF small grants programme has been awarded to Gateshead Council and we are not aware of who will deliver in Durham as yet

There is a strong move by north east funders to review practices to support the voluntary sector now that there is less infrastructure support. The Big Lottery are reviewing their processes and reconsidering 'quality' of bids in favour of quality of the idea/project.

Progress has been made by Business in the Community, Cranfield Trust, community foundations to harness more in kind / strategic support from the private sector for VCS.

Funding may be impacted by BREXIT / falling markets if endowments decrease in value.

An Integrated Needs Assessment (INA) is being developed for County Durham.

Discussion sessions have been organised by DCC for those involved in supporting or writing funding applications, to explore the types of data that may be required from the new approach to data collection.

Carole Daniell – Job Centre Plus

Offered a part in a new government initiative for support in schools. Experienced staff members of JCP will help with the labour market area. Work experience opportunities/CVs extra support and help in schools.

Graduates are starting to register with JCP. Don't want them to get used to being unemployed. Offer condensed to 6 weeks talking to Durham Works to get buy-in from employers as to how they can support that. Any input on this would be greatly appreciated.

Michelle Gorman – Visit Co Durham

In relation to Brexit, Tourism have set up an emergency support group to oversee the market. In the short term it is hoped to have a positive impact on the visitor economy because of the weakness of the pound.

Simon Goon – Business Durham

Future Business Magnates awards were held last Friday, the students came up with House of Co Durham which showed 20 inventions which was very impressive.

Action: SG to circulate “House of County Durham”

Simon Hanson – FSB

Open power house research report, devolution agenda for NE area and Tees Valley. Brexit is “exercising the mind” and FSB now aligned with 10 other business groups to get voice heard.

Jon Gluyas – Durham University

, Trying to get the Vice Chancellor to attend the next CDEP Board meeting. He has now been in place for 9 months. The University has reviewed the position of the Stockton campus; this will be developed into an international foundation centre. The plan is to grow University numbers by 25%.

In relation to Low Carbon there is a bid going forward around heat works. There have been 3 or 4 workshops held involving Councils to help move this forward. Hoping to have ½ day workshop for Durham soon.

11. Any Other Business

BT thanked everyone for attending today's meeting.

12. Date and Time of next meeting

11th October 2016 at 1pm at County Hall, Durham