



## **Economy and Enterprise Overview and Scrutiny Committee**

**Date**      **Friday 30 October 2020**  
**Time**      **9.30 am**  
**Venue**     **Remote Meeting - held via Microsoft Teams**

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### **Business**

#### **Part A**

**Items which are open to the Public and Press  
Members of the public can ask questions with the Chair's agreement,  
and if registered to speak.**

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held 23 July 2020 (Pages 3 - 22)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Impact of COVID-19 on Regeneration, Economy and Growth Service - Overview: (Pages 23 - 50)
  - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
  - (ii) Presentation by the Corporate Director of Regeneration, Economy and Growth.
7. Business Durham - Progress Report: (Pages 51 - 68)
  - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
  - (ii) Presentation by the Managing Director (Interim), Business Durham.

8. Visit County Durham (VCD) - Activity and Support Provided During Pandemic and Recovery Plans: (Pages 69 - 90)
  - (i) Joint Report of the Corporate Director of Resources and Corporate Director of Regeneration, Economy and Growth.
  - (ii) Presentation by the Managing Director, Visit County Durham.
9. Regeneration and Economic Growth - Quarter One - Forecast of Revenue and Capital Outturn 2020/21: (Pages 91 - 108)  
Joint Report of the Corporate Director of Resources and Corporate Director of Regeneration, Economy and Growth - presented by the Finance Manager, Resources and Regeneration.
10. Quarter One, 2020/21 - Performance Management Report: (Pages 109 - 138)  
Report of the Corporate Director of Resources - presented by the Corporate Scrutiny and Strategy Manager.
11. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

**Helen Lynch**  
Head of Legal and Democratic Services

County Hall  
Durham  
22 October 2020

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

Councillor M Clarke (Chair)  
Councillor R Manchester (Vice-Chair)

Councillors E Adam, J Atkinson, A Batey, R Bell, R Crute, S Dunn, D Hall, T Henderson, J Higgins, S Iveson, L Maddison, J Maitland, R Ormerod, E Scott, P Sexton, W Stelling, T Tucker, M Wilkes and M Wilson

**Co-opted Members:**

Mr G Binney and Mrs R Morris

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**DURHAM COUNTY COUNCIL**

**ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held **remotely via Microsoft Teams** on **Thursday 23 July 2020** at **9.30 am**

**Present:**

**Councillor M Clarke (Chair)**

**Members of the Committee:**

Councillors E Adam, J Atkinson, A Batey, R Crute, S Dunn, D Hall, T Henderson, J Higgins, S Iveson, L Maddison, J Maitland, R Manchester, R Ormerod, E Scott, P Sexton, M Wilkes and M Wilson

**Co-opted Members:**

Mr G Binney and Mrs R Morris

**1 Apologies for Absence**

Apologies for absence were received from Councillor T Tucker.

**2 Substitute Members**

No notification of Substitute Members had been received.

**3 Minutes**

The minutes of the meeting held 21 February 2020 and special meetings held 27 February 2020 and 11 March 2020 were agreed as correct records and would be signed by the Chair, subject to the addition of Councillor M Simmons substituting for Councillor R Ormerod at the meeting held on 21 February 2020.

**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 COVID-19: Economic Support and Recovery**

The Chair welcomed the Managing Director (Interim), Business Durham, Sarah Slaven and the Regeneration Policy Team Leader, Glenn Martin who were in attendance to provide the Committee with an update presentation in relation to COVID-19: Economic Support and Recovery (for copy see file of minutes).

The Managing Director (Interim) thanked the Chair and Members and noted she would explain as regards the lockdown and immediate response to COVID-19 to support businesses, the emerging Impact of COVID-19 on the County's economy and the recovery plans and support moving forward.

In reference to the lockdown and immediate response to COVID-19 she informed Members of the Government's response including measures such as: the Job retention scheme (furlough); the Self Employed Income Support Scheme (SEISS); VAT deferral; Income Tax deferral; the Coronavirus Business Interruption Loan Scheme (CBILS); Bounce Back Loans; tax relief; support for the retail, hospitality, leisure and culture sectors; and the Statutory Sick Pay relief package.

The Managing Director (Interim) added that the Council was delivering the Government's COVID Business Grant Scheme with more than 8,764 small businesses supported, worth £97.9 million and with a 'Top-up' Local Discretionary Scheme being delivered to 362 businesses, worth £2.4 million. She added feedback from businesses had been very positive, with the Council being very proactive in contacting businesses.

It was explained that the Council was applying business rate reductions and discounts totalling over £49.8 million, with recalculation of business rates bills for more than 2,310 businesses and with 38 private nurseries receiving 100% Nursery Discount, totalling £378,000. She added there had been the introduction of immediate supplier payments and supplier relief for important vulnerable suppliers.

The Committee were informed that support offered via Business Durham included: rent deferrals for all Business Durham commercial tenants; responding to over 300 business enquiries; signposting of businesses to North East Growth Hub COVID-19 toolkit; weekly business intelligence gathering to feed into Civil Servants and NELEP Growth Hub; a fast track application process for Digital Drive County Durham grants to enable businesses to buy equipment to work remotely, noting a 153 percent quarter on quarter increase in uptake; and development of a Personal Protective Equipment (PPE) directory to support the County Council's suppliers and other businesses seeking PPE.

The Managing Director (Interim) explained that in terms of emerging insights/expected impacts there were several including producing business sectors at risk: non-food retailers; hospitality; cultural attractions; construction; and transport. She added that there would also be impacts upon small businesses; businesses without an online presence; the lower paid/skilled; younger people and women. It was noted that many businesses had stopped recruiting and that the North East was expected to be one of hardest hit regions. Members noted that the impacts would become clearer as Government support was withdrawn and data became available. The Managing Director (Interim) explained that there were opportunities in some areas, for example for: online retailers/delivery services; food retailers; some healthcare suppliers; and home entertainment. She added that businesses in many sectors were now open or reopening.

The Committee heard that emerging insights from two surveys included noting that 51 percent of businesses said they had experienced an impact on their revenue of greater than 50 percent, with that rising to 78 percent in the tourism sector. It was added that 25 percent of businesses said they were still closed, and 34 percent of tourism businesses did not know when they would reopen. Members learned that around 50 percent of businesses indicated they had used the furlough scheme and while the number of businesses making redundancies had initially been low that was now rising. The Managing Director (Interim) explained that many companies in the manufacturing sector had continued to operate, some adapting or innovating with new products, with some businesses expanding and continuing to invest.

In respect of recovery, the Managing Director (Interim) noted that a number of measures were being put in place including changes to roads and footpaths in town centres to support businesses reopening and to protect the public. It was added that leaflets had been delivered to town centre premises containing guidance and support in relation to opening safely. Members learned of webinars to support the retail sector, helping them embrace online selling and helping them to find new routes to market for their products or services. The Managing Director (Interim) noted that the new 'hyperlocal' destination marketing campaign would be launched by Visit County Durham and there would be the launch of the Jobs Fuse County Durham to support those losing their jobs and in fear of losing their jobs. She noted that there was a refocussing of existing business support programmes to support recovery, for example the Durham Business Opportunities Programme (DBOP) and that there was also support in terms of the anticipated increase in business start-up enquiries, through the Durham Ambitious Business Starts (DABS) programmes.

The Committee learned as regards the Government's plan for jobs, albeit with the details on how they would operate yet to be received.

It was noted that the assistance announced by the Chancellor of the Exchequer included: the Job Retention Bonus (up to £9.4 billion); the Kickstart scheme (£2.1 billion); boosting of worksearch, skills and apprenticeships (£1.6 billion); a reduced rate of VAT for hospitality, accommodation and attractions (£4.1 billion); the “Eat Out to Help Out” (£0.5 billion); an Infrastructure package (£5.6 billion); Public sector and social housing decarbonisation (£1.1 billion); the Green Homes Grant (£2.0 billion); and a temporary cut to Stamp Duty Land Tax (£3.8 billion).

The Managing Director (Interim) noted that feedback was that the Eat Out to Help Out scheme appeared to favour larger chains over smaller operators, though it had helped to build consumer confidence. She added that in terms of infrastructure and “Build Back Better”, there was £47 million for the North East, via the NELEP, to accelerate projects in the County and the region.

Members were informed of the work of the Local Resilience Forum (LRF) and its Strategic Response Group that had been set up to lead on the structured recovery work for County Durham and Darlington, chaired by Durham County Council’s Chief Executive, Terry Collins. It was added this work included developing a data framework to monitor impact and develop responses. The Managing Director (Interim) added that the North East COVID-19 Economic Response Group was established to lead the development of a phased recovery plan for the North East and the County Durham Economic Partnership (CDEP) was also developing an action plan.

The Committee learned of the next steps in relation to the economy, with activity including: coordinating activities with the North East Covid-19 Economic Response Group and other external partners; development of a CDEP action plan; utilising and enhancing existing resources and programmes to respond to the crisis; coordinating evidence-gathering and lobbying work with partners across the County; committing additional resources and bidding for regional and national resources; and continuing to monitor the ongoing impact in order to respond accordingly.

The Chair thanked the Managing Director (Interim) for her presentation. He noted, on behalf of the Committee that he would like to pass on condolences to anyone who had lost a family member, friend or colleague due to COVID-19. He added that the thoughts of the Committee were with them at this difficult time. He noted his thanks to Council workers, many of whom who were now working from home, some whilst shielding due to pre-existing health conditions.

The Chair also thanked fellow Councillors who had given their time in proactively engaging with their communities to deliver a range of actions such as delivering food parcels or telephoning isolated residents for a chat. He added that further economic support had been available thanks to an extension of the rules surrounding Members’ neighbourhood budgets, with Councillors now having more flexibility to fund initiatives that supported their communities during the unprecedented public health emergency.

The Chair explained that he had felt it was vital to bring the detailed initial report on the response to COVID-19 to Committee as the economic impact was very much within the Committee's thematic remit. He added that COVID-19 had rocked the economic position of County Durham and beyond, to its core, with every business, family, sole trader, large corporation, entrepreneur and student affected. He noted that students had effectively taken a year out, which would increase the number of young people entering the labour market in a one year period when compared to normal times, making searching for work more difficult.

The Chair hoped that the report would serve as a starting point for how the Committee took forward its scrutiny of COVID-19 and related issues for the remainder of the year, and into next year, with Members able to discuss the challenges and practicalities of how the Committee would do that at the next agenda item.

In terms of this report, the Chair noted that what stuck out to him was that almost 75 percent of businesses currently trading had noted their income had been affected by COVID-19. He added that it was not surprising, and it was likely many of the remaining 50 percent of businesses yet to re-open would also face similar challenges. He noted the recalibration of the economy had seen some products or services in very high demand, however, for everyone else it accelerated the difficulties that they faced. He noted that even the most optimistic would imagine that there would be many redundancies and business closures in the coming weeks and months.

The Chair noted that, due to the necessity for a swift and comprehensive lockdown which resulted in full Council meetings not being able to take place, Members from across the current "virtual Chamber" had little opportunity to comment on the Council processing over £100 million of public funds through its accounts and being passed on to local businesses. He added that in openly discussing how Durham County Council were seeking to support the local economy, he wanted the public to be reassured that the Council was working hard to support the economy and our enterprise, and that the money sent to the Council had been forwarded very quickly to our businesses to provide essential support.

The Chair noted that Members' questions and observations were vital in highlighting any small way that we could improve what we do as a Council, to offer whatever economic support we could to businesses who had never had more obstacles to their survival in front of them than what they faced today. He added that the County may yet face other serious economic challenges if a second lockdown was required and whilst it was hoped that would not occur, if the Committee's scrutiny helped to highlight areas where the Council could optimise its support, that would be a worthwhile discussion.

The Chair asked Members for their comments and questions on the report.

Councillor M Wilkes echoed the Chair's comments in how quickly support was delivered to businesses in the county and thanked the Officers for their work. He commended the Council's quick response in getting financial support out to local businesses, adding it was an excellent job and should be applauded. He noted that speaking to people in other parts of the country, this had not been the case elsewhere. In respect of the announcements relating to Government support, he felt that the proposed support was not enough and that some of the priorities put in place were perhaps not ones he would have chosen, giving an example of the Stamp Duty cut being a £15,000 tax cut for those selling a £2-3 million property. He added that he felt Government needed to revisit proposals as a lot of businesses were struggling and that more emphasis should be placed on this sector.

Councillor M Wilkes referred to paragraphs 26 and 27 of the report and noted that 279 responses to a business survey had been received in April 2020, followed by 180 responses in June 2020, a reduction of 99 responses. He noted the responses indicated that around 50 percent of businesses did not think they could survive beyond the following three months and therefore he would be keen to know what those 99 businesses which had not responded were now doing, whether there had been an improvement by June or were many of those businesses no longer operating. He also asked as regards what follow up work was undertaken with those companies that had been in touch with the Council initially but had then not engaged with the second consultation.

Councillor M Wilkes noted an important point in relation to the Local Discretionary Grant, as set out in the Officer's presentation and contained within the agenda pack at page 40. He noted that while the Council had been very successful in getting out the first round of money to businesses in the order of £15,000 - £25,000, the report implied that the discretionary element was only half spent, from a total allocation of £5 million. He referred to Council rules relating to allocation and noted that those referred to Government noting that Councils should be prioritising those businesses with a rateable value of less than £51,000, however, it did not state that the Council should not be allocating any money at all to businesses with a rateable value above £51,000. Councillor M Wilkes explained that he felt there was a need for clarity on this matter as there were many family businesses across the County that, while may have received furlough payments for staff, had not received any allocation in terms of business rates grant. He gave examples of farms and adventure centres that would have quite high business rates valuations and as a consequence were receiving no support. He added that other types of single concern businesses, including larger public houses, ran by families or small partnerships, had also received no support from the grant scheme. Councillor M Wilkes explained that if there was any scope to be able to amend the grant scheme it needed to be done now as in the 84-85 days since it was announced, only half of the funds had been spent.

He noted another example of businesses not receiving any support through the grant scheme was nursery businesses that operated within schools, as the way they operated meant they did not have a business rate bill. He added there were many business types that had not received any allocation from the original allocations of £10,000 - £25,000 nor from the Council in terms of the discretionary scheme. He noted that he felt it was very important to push out help and support to those business as soon as possible. He concluded by noting that the situation was that, three months from the date of the monies being made available, only half of the £5 million had been spent and he felt the Council should look at the issue as a matter of urgency.

The Managing Director (Interim) noted that in respect of the surveys, the relevant link was sent out via the Business Durham website and business newsletters to all the business networks within the County and she added there had not been a consistent response in terms of those responding to the first survey and those responding to the second survey. She noted that at that time, businesses were being asked to complete many surveys from many organisations not only Business Durham, such as business networks and the Chamber of Commerce, and there may have been an element of "survey fatigue". She reassured Members that the surveys were not the only work Business Durham was undertaking and explained that they had reached out to every business that had engaged with Business Durham over the last two years to ask how they were coping with the crisis and to ask if there was any support that they needed, for example in terms of reopening plans. She noted that this proactive approach had been in addition to the surveys, which themselves were more to gather general information and statistics. The Managing Director (Interim) explained that from that piece of work signs were not yet being picked up that a significant number of businesses were going out of business and Business Durham continued to reach out proactively.

In respect of the grants and discretionary fund, the Managing Director (Interim) noted that it may be an issue that the Council's Business Rates Team could answer as they took the lead on that issue within the Council. She noted from discussions with other Local Authorities in the region that the discretionary pot had proven difficult to allocate for all Local Authorities, with part of the reason being that many of the applications being received were not eligible. She added some applications were being received from those that had already received an allocation, or did not meet the criteria, with Government requiring that the discretionary fund would go towards businesses with ongoing fixed property costs, with many applicants not meeting the relevant criteria. She explained that the Business Rates Team were in the process of amending the criteria for the discretionary fund and believed that the second phase was to be rolled out shortly. The Operation Director noted she was not aware of the details of those amendments and therefore information direct from the Business Rates Team would best inform Members on the matter.

She acknowledged the point in terms of businesses with a rateable value above £51,000 not being able to access the grant scheme, noting there were many such businesses within the County. She noted that if the cap were lifted to include such businesses, then there may not be sufficient funds within the pot to support all such businesses. She added that it was always a challenge where a scheme operated a threshold value and explained that the benefit of the scheme was how rapidly it was able to get money out to businesses, being structured around business rates.

Councillor M Wilkes suggested looking at brackets of rateable value, perhaps £51,000 to £100,000, or to look to support single firms rather than large chains, could be methods of being able to provide help for those businesses. He added that by putting in such additional criteria, rather than simply offering to all those businesses with a rateable value above £51,000, it would be possible to help those family businesses that were struggling. The Chair thanked Councillor M Wilkes and asked if Overview and Scrutiny Officers could put the queries to the Business Rates Team and for a response to be circulated.

Councillor R Crute, Chair of the Corporate Overview and Scrutiny Management Board, asked as regards how the initiatives already underway to support local businesses and the economy would be sustained, and also how Local Authorities would be funded in the long-term. He noted previous reliance on European funding in this regard, including European Social Fund (ESF) and European Regional Development Fund (ERDF), and asked, given that the response to the impact of COVID-19 would be long-term, what the Shared Prosperity Fund (SPF) would look like and whether it was still a Government priority. He noted that it would be important to understand whether the SPF would comprise of new money, as if the current EU funding was being used to support businesses then its equivalent would still be needed in order to sustain those schemes. Councillor R Crute asked as regards further information relating to the lobbying of central Government in respect of longer term financial settlement, as the Authority was receiving scattered pots of money and doing the best it could with those, however, there was no way to plan ahead effectively. He added it was his view that the Chancellor of the Exchequer should use the Comprehensive Spending Review (CSR) in the Autumn to announce a long-term financial settlement to enable Local Government, and their business support sections, to navigate through the uncertainty ahead. He noted that he felt that the Scrutiny function had a role to play in that lobbying and he felt it would be important for the Committee to consider that and to add its support to that lobbying for a longer term financial settlement for Local Government from the CSR. He added it would also be important to understand how the SPF would replace European funding as while that may have been how the SPF was to have come into effect, if Government now had different priorities it could look very different.

The Managing Director (Interim) noted there was currently no further information as regards the SPF, or indications as regards the amount or whether it would be new money.

She added that clarity on those points was something being lobbied for within the NELEP COVID-19 Response, with that document setting out what was done with the current funding, how much would be needed in the future and what it would be used for. She reminded Members that County Durham had benefited in terms of ringfenced European funding and an enhanced intervention rate as a “Transition Region” and it would be important to lobby in that regard. She added that, with County Durham as a Transition Region, providers of regional schemes had a requirement for them to identify how much of a programme would be delivered within County Durham, whereas previously a provider may have been able to deliver against their targets within another part of the region alone, without including County Durham. The Managing Director (Interim) noted that in lobbying in relation to the SPF it would be important to keep that ringfenced element for the specific needs of County Durham. She reassured Members that it was very high on the agenda and the Council was working with other Local Authorities in the region, and the NELEP, in terms of lobbying. She noted that Government had mentioned in their election campaign the “levelling up agenda” and added she felt that the SPF would be key in terms of that.

In respect of longer term funding and financial settlement for Local Government, the Managing Director (Interim) noted that this was perhaps a topic for the Corporate Director of Resources to speak on, however, she agreed that it was important in terms of recovery moving forward.

Councillor E Scott commented that the Bank of England had noted predictions for the “worst recession on record” and added that commercial premises were going to be badly affected and asked what the Council was doing in respect of its large development sites, for example Aykley Heads, in terms of futureproofing from major impacts such as a pandemic, and also in preventing such developments becoming a “white elephant”.

The Managing Director (Interim) noted that over the period April to June, Business Durham properties had recorded their best quarterly occupancy figures for many years. She added that an element of that was businesses pivoting to help provide items required by the healthcare sector as a result of the pandemic and she explained that Business Durham were currently inundated with enquires and had five new business lettings that week. She noted that the office market was a concern, with businesses realising their staff could work well from home, however, she noted she felt that there would be a hybrid approach in future and it would not be the end of offices, rather offices would be used in a different way. She added that currently social distancing required additional space to accommodate staff. In reference to the Aykley Heads site, the Managing Director (Interim) explained she felt there was an opportunity to design in the “new normal” and the future of work in terms of the designs of the buildings.

She noted an advantage in terms of the parkland setting and the opportunity for walking and cycling to work, linking to the green economy, and for the County to position its offer at Aykley Heads in terms of what that new work would look like. She added that it was a positive that there were opportunities to be able to look to design in terms of the future, in contrast to some established city centre office offers with high rents that would struggle to be able to adapt to any new approaches required for the future. The Managing Director (Interim) noted that business parks would need to be digitally enabled and in future there would be a need to be able to provide a hybrid approach in terms of working remotely and within offices.

Councillor L Maddison asked as regards how it was felt the “hyperlocal” destination marketing campaign would work in County Durham, and whether it would focus on the larger attractions within the County or also look to include areas at the town level. She also asked as regards any work ongoing with transport companies in terms of helping them to help the economy, getting people to where work was, noting the problems bus companies were experiencing at the moment. Councillor L Maddison asked if the Council was working with small businesses to share any opportunities for them to work together within County Durham.

The Managing Director (Interim) noted that the “hyperlocal” campaign was led by Visit County Durham (VCD) and explained that the idea was to build confidence in consumers so that they would visit our tourism attractions, whilst recognising that we may not see as many external visitors to the County. She added that the campaign looked to target local people and to encourage them to go out and spread across all our visitor attractions, not just the most well-known. She noted that many of our outdoor attractions had reported large numbers of visitors, such as Hardwick Park and High Force, as people felt more confident in those outdoor settings. It was added that more details relating to the campaign could be sought from VCD for Members’ information.

In terms of transport, the Managing Director (Interim) explained that it was a key concern and a lot of work was ongoing through the Council’s Public Transport Team in terms of offering support to those businesses and to enable them to continue to operate services. She added that it was also important in terms of how those services played a key role in getting people into town centres for shopping and leisure and in being able to access work. She added that from September there would be an additional important role in terms of allowing access to schools and colleges for students and that work on this element was currently ongoing. The Managing Director (Interim) noted if there were any specific questions the Interim Head of Transport and Contract Services, Dave Wafer, would be able to provide a more detailed response.

The Managing Director (Interim) noted in respect of working with small businesses to share opportunities, there were a number of strong business networks within the County that were excellent in bringing together the local businesses in their area.

She gave an example of the Do Business Network, formerly the Derwentside Business Network, which had been helping businesses in their area work together on opportunities, as well as supporting their community.

She explained that Business Durham looked to support those networks in their activities including putting companies in touch with one another based on their needs. Members learned that through the Durham Business Opportunities Programme (DBOP) one of the strands of support related to businesses in the construction sector supply chain, helping those businesses get into some of the larger construction projects within the County. It was noted there was help for small businesses in terms of being able to put forward tenders and that the support was intended to help businesses create jobs and support growth.

Councillor L Maddison noted an opportunity in terms of the new Amazon fulfilment centre at Bowburn, with physical bus infrastructure in place, and asked if there were any bus companies involved in setting up routes to help take advantage and provide transport links for workers. The Managing Director (Interim) noted there was a meeting scheduled tomorrow between Amazon and various services within the Council, and the issue of transport as the top agenda item. She added that there were active commercial discussions ongoing with operators and it was hoped there would be solutions found to help take advantage of the opportunities the development brings in terms of jobs.

The Principal Overview and Scrutiny Officer, Stephen Gwilym noted a number of points relating to the impact of COVID-19 on the economy had been raised by Members, including on tourism, transport, culture and leisure. He added that in developing the work programme for the Committee, the newly appointed Corporate Director of Regeneration, Economy and Growth, Amy Harhoff had indicated she would wish to attend a meeting of the Committee to provide Members with more information on areas that may not have been covered in detail in today's presentation. The Chair noted the Committee welcomed the Corporate Director to her new post and looked forward to her attending Committee in due course.

Councillor E Adam thanked the Managing Director (Interim), and all involved for the unprecedented levels of work undertaken in terms of business support to help keep County Durham working. He asked for more information relating to recently released data sets in respect of job prospects and youth unemployment, noting those were large areas of concern for County Durham. He added that from those recent data sets it was shown that areas such as Easington were now within the 10 percent youth unemployment bracket, with an expectation for that to expand within the County. Councillor E Adam asked what work was being undertaken to encourage employers to take on young people and what work would be undertaken with the education sector with local colleges and training providers.

The Managing Director (Interim) noted there was concern as regards the impact on the training opportunities for young people and employment moving forward.

She explained that the situation was a work in progress, with a huge amount of work going on within colleges to get young people back onto their training programmes from September onwards, looking at remote working and rota based systems.

She noted from conversations with New College Durham there was a lot of work ongoing and referred Members to a presentation they had received previously relating to the DurhamWorks programme which helped young people into employment and helped prevent young people becoming NEET (not in education, employment or training). It was noted the DurhamWorks team had submitted a number of bids for funding to extend and enhance schemes and to enable the support to continue, joining up to offer support to young people before they leave school to help prevent them becoming NEET. The Managing Director (Interim) noted that the DurhamWorks programme had been a real highlight and was a programme the County should be proud of in terms of the approach in tackling the issue and in how it worked closely with partners. She noted this linked to the issue of encouraging our businesses to take on young people, with some businesses being concerned as regards the attitude and skills of young people, and added DurhamWorks had a role to play in being able to help prepare young people and to give reassurance to those businesses that the young people were ready to start work and that there would be ongoing support for businesses in the initial stages of employing a young person. Members noted that Business Durham had worked with DurhamWorks in identifying sectors where it was known there would be employment opportunities within the County to help prepare young people for those opportunities, similar to sector routeways. The Managing Director (Interim) explained that COVID-19 had put a pause on progress and the Council was mindful of approaching businesses to ask if they could employ an additional young person at a time where they may be struggling to continue to employ existing staff. She added that as recovery moved forward it would be important to work with businesses to see if young people could be a good fit for them and help provide a solution for businesses to aid in their recovery. She emphasised that the issue was high on the agenda for the Council and partners.

Councillor J Atkinson thanked the Managing Director (Interim) for her presentation and the hard work undertaken by Business Durham and partners in helping businesses in the current crisis, noting the fluctuations in the markets as an indicator of potential recovery. He noted several businesses operating on trading estates within his Electoral Division and asked if there were issues in terms of serial applicants for funding, how we would reach those businesses that were not coming forward for assistance, and how Councillors could help in terms of getting information out to businesses in their local area. He also noted there could be potential for investment in companies that were good ongoing concerns, with customers, however, were struggling with cash and asked if this was something Business Durham was looking out for and helping businesses with.

The Managing Director (Interim) noted Business Durham looked to get information out to businesses as much as possible and added that if Councillors received any queries, they could direct businesses and individuals to Business Durham and also the NELEP COVID-19 Toolkit. She added that many business networks were looking at new ways of communicating, for example through video meetings using software such as Teams, and it was noted there was increased attendance at the virtual meetings and webinars as they often proved easier for businesses having no travel time. She added that she felt that such virtual meetings would not replace all face-to-face networking entirely.

The Managing Director (Interim) noted that in respect of finance for businesses, there was the Council's Finance Durham Fund, and the North East Fund that is provided via funding from ERDF and the European Investment Bank. She added there were loans available for strong businesses with orders, those that may have ran out of money dealing with the impact of COVID-19, through the North East Fund and the Small Grants Fund ran by NEL Fund Managers, with offers to match up funding with the Bounce Back Loan Scheme.

The Managing Director (Interim) explained it was still not clear how the current situation would unfold, however, she reiterated that there were opportunities and noted she had recently given an interview to BBC Radio Tees in which she had discussed a business at NETPark that had recently won funding and was working with several European partners in relation to satellite technology that would improve telecommunication systems. She highlighted that within parts of the economy there would be opportunities which may have been paused as a result of COVID-19, but would still be there in the future. She added that it was the role of Business Durham to help the businesses in County Durham take advantage of those opportunities and to help maintain a positive outlook for the future.

Mrs R Morris thanked the Managing Director (Interim) for her very useful presentation and noted one issue that seemed to have come forward was the emphasis on the digital world, something that had been known previously, with COVID-19 accentuating that fact. She added her support for the work in terms of opening town centres, however, she noted that County Durham was a rural county and while a lot of business and individuals in rural areas would be willing to undertake more of their work digitally, they would need good internet connectivity and it was known that several rural areas in the County did not have good enough internet provision to support this. Mrs R Morris noted that would disadvantage those areas in terms of the digital world we were moving into and while the Council could play a role, it would be for regional and lobbying committees to play a bigger role in terms of the roll out of fast internet utilising technology such as fibre to the home. Mrs R Morris noted she was concerned for rural communities and asked, not only in terms of digital connectivity, what support could be given to our rural areas so that they did not miss out.

The Managing Director (Interim) agreed that it was a very important point and it was one that the Council had emphasised at a regional level in terms of any lobbying to take into account the needs of rural areas, working with other Authorities such as Northumberland who faced similar challenges. She explained the Rural Services Network had produced a document to lobby Government, setting out what rural areas needed and there was a consultation, to which the County Council was pulling together a response, that looked at not only businesses, but also communities and that had captured information as regards needs, useful in terms of lobbying Government. The Managing Director (Interim) agreed in terms of the importance of digital connectivity and lobbying for that “last mile” of connectivity, adding that the NETPark based company she previously mentioned had explained to her that fibre internet connections would be eventually be replaced by satellite connections and it was encouraging that there was a company within the County which was involved in the development of that technology as a commercial proposition. She added that it was important to lobby in terms of ensuring rural communities did not miss out and information would be fed back to the Committee in terms of the work undertaken. Mrs R Morris noted that an area to emphasise was the environmental element, in trying to get people off the road in their cars, encouraging working from home and promoting electric buses. She added that hitting those criteria could help in terms of the arguments being put forward when lobbying.

Councillor M Wilkes noted he fully supported the comments from Mrs R Morris and added that there were connectivity issues in non-rural areas, citing an example at Newton Hall within his Electoral Division, only one mile from Durham City centre. He added he had spoken to the Council’s Digital Durham Team as he received comments from a number of residents in terms of issues with internet speeds and capacity, those residents not being able to work from home effectively. He noted that while the speeds mentioned were around 12 Mbps and that could seem fast to some, it was not sufficient and noted there were speeds of up to 1,000 Mbps in places such as South Korea. He added he hoped for further roll out of fibre to the home, however, he emphasised that it was important that there was a need for support from Government and private companies. He reiterated that it was not just the rural areas, there were 14 towns within County Durham and every one of them had broadband issues.

Councillor L Maddison noted the work of Digital Durham in some of the rural areas in Spennymoor to improve the very low speeds and help residents access grants to improve connectivity and help businesses access larger grants. She thanked the Digital Durham Team for their help in that regard. Councillor A Batey, Vice-Chair of the Corporate Overview and Scrutiny Management Board, reminded Members that Digital Durham regularly reported to the Economy and Enterprise Overview and Scrutiny Committee and Members were aware of the changes to the Digital Durham programme of work.

The Managing Director (Interim) noted that through the Digital Drive programme, Business Durham worked closely with Digital Durham to help groups of businesses that may be having difficulty with accessing grants. She added that a good digital infrastructure was now just as important as a good electrical connection and needed to be built in as an essential service going forward and noted Business Durham would continue to work with Digital Durham.

Councillor S Dunn noted a thriving front street within his village, Coxhoe, and thanked the Managing Director (Interim) for all the support given to local businesses and noted the very positive responses to that support. He noted that beyond the front street trading activities, there were a number of small businesses and self-employed individuals and asked if the previously mentioned surveys had gone out to the self-employed, and what support was available for those individuals. In reference to “hyperlocal”, he understood that this was in reference to tourism, however, he noted that it could be very useful for local communities, especially those in rural areas, to identify the number and types of local businesses and services that could be provided locally, without travelling, and to try and encourage local people to support their most immediate communities helping to make their local businesses more resilient.

The Managing Director (Interim) noted the surveys were sent out via all the channels available to Business Durham and that most of the responses that were received were from the self-employed or businesses with fewer than five staff. She added that in terms of support offered to the self-employed, it was available through Business Durham and the five enterprise agencies within the County, and Members could direct individuals to Business Durham should they need support. The Managing Director (Interim) reminded Members that while there was not a specific solution in terms of helping the self-employed, they would need support similar to larger businesses in terms of accessing finance and identifying customers and opportunities. She noted that the Durham Business Opportunities Programme (DBOP) would have a specific strand focussing on helping microbusinesses, including self-employed individuals, to find new opportunities and markets. The Managing Director (Interim) noted that the Durham Ambitious Business Starts programme not only encouraged business start-ups, but also supported those businesses that were within their first 12 months of trading. She added the types of support included one-to-one support and the opportunity to work with other businesses in similar situations to provide peer-to-peer support.

In terms of the marketing campaign, the Managing Director (Interim) noted that, while she had referred to the tourism element within the presentation, the report made reference to an element of ERDF funding, from the reopening High Street Safely Fund, which could be used for marketing and campaigns not only to businesses, but also for consumer facing marketing, for example a “buy local campaign”.

She added that this was being looked at not only in terms of shops on the high street, but for all small businesses within an area to encourage to buy local. It was noted other elements were to help businesses to get their products to consumers where customers were not willing to travel into town centres, and to help businesses join together to share costs in terms of promotion. She explained that this was an issue high on the agenda of the Federation of Small Businesses. Councillor S Dunn noted that if Members could be given details of such schemes as they came on board that would be most useful.

The Chair thanked the Managing Director (Interim) and Regeneration Policy Team Leader for the report, presentation and answers to questions and referred Members to the recommendations as set out within the report. He also thanked, on behalf of the Committee, all Council staff and partners that continued to provide support to the business sector in County Durham during the pandemic.

**Resolved:**

- (i) That the content of the report be noted.
- (ii) That the Committee's comments in respect of COVID-19 funding and the Shared Prosperity Fund be passed to the service grouping and Cabinet Portfolio Holders and that they be included when lobbying Government for future funding for County Durham.
- (iii) That the Committee receive further reports on evidence of the impacts of the COVID19 crisis as part of the Committee's 2020/21 Work Programme.
- (iv) That the Committee receive further updates on the initiatives designed to minimise the impacts of the crisis as part of the Committee's 2020/21 Work Programme.

**7 Refresh of the Work Programme 2020/21 for the Economy and Enterprise Overview and Scrutiny Committee**

The Chairman asked the Overview and Scrutiny Officer, Diane Close to speak to Members in relation to the refresh of the Work Programme 2020/21 for the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The Overview and Scrutiny Officer explained that the report set out the proposed work programme for the Committee for 2020/21 at Appendix 2 and highlighted that the work programme was designed to be flexible in order to accommodate items that may arise throughout the year, and to provide the Committee with the opportunity to respond to any further issues arising as a result of the COVID-19 pandemic. It was added that as meetings were taking place remotely, agendas would be focussed, with the Chair and Vice-Chair agreeing that the work programme should be prioritised to identify which key items would be discussed at Committee and which issues could be dealt with via briefing notes for Members.

She added the briefing would still provide an opportunity for Members to ask questions and receive responses by the relevant service grouping.

The Overview and Scrutiny Officer noted the work programme for 2020/21 included items as identified by Members when delivering the work programme for 2019/20, together with any new areas that had been identified. She added the work programme set out agenda items proposed for discussion at Committee and those that would be provided as briefing notes. It was reiterated that the newly appointed Corporate Director of Regeneration, Economy and Growth had suggested attending a future meeting to give an overview of the impacts of COVID-19 on the service grouping and to give further details to Members on tourism, culture, leisure and sport.

The Chair thanked the Overview and Scrutiny Officer and assured Members that the changes to the work programme were not to take away the opportunity for debate, however, the approach was a practical one in relation to COVID-19 and the use of remote meetings.

Councillor M Wilkes referred to page 63 of the agenda pack, a “Town and Village Centres, Way Forward” report and noted that around 3-4 years ago he, and colleagues from the Liberal Democrat Group, had put forward proposals for villages regeneration money, with a year later the Cabinet Member bringing forward a £10 million regeneration fund, which was doubled at the start of 2020 to £20 million. He noted that a problem was the number of schemes was set at 22, far fewer than councillor M Wilkes had hoped for, and of those only 11 had been scoped and very little of the money had been spent. While he did not know if the Way Forward report was going to look into that particular issue, Councillor M Wilkes noted that if it was, the proposed date of January 2021 to look at the issue was too far off, given the £10 million was made available in March 2019 had not yet been spent. He noted that of the 22 schemes put forward so far, one of the key inclusions was the regeneration of many front streets and added one of those schemes was put forward by himself and his colleagues, relating to Framwellgate Moor front street. Councillor M Wilkes noted that waiting over a year, and with the scheme not having yet been scoped, was putting the Council in a position where it would not be able to help high streets get themselves going again as the country came out of the current crisis. He reiterated that he felt very strongly that the issue should be brought forward as soon as possible as he felt it was not acceptable that the funds had not been scoped, or spent, over a year and a half after the reserve was set up.

Councillor L Maddison referred to Retail Support and Masterplans also being scheduled for January 2021 and noted when she had made enquires as regards those items going to Cabinet in September 2020. She noted that given the situation within our towns across the County, she felt that discussions on the matter should take place earlier as Members needed to get on top of all the issues linked to regeneration in order to try and revitalise those businesses effected. She asked if those items could be brought forward on the work programme.

The Chair noted the requests and referred to the work programme document which set out several big issues tabled for the September meeting of the Committee including: the private rented sector and selective licensing: the impact on housing from COVID-19; and the budget outturn. Councillor R Crute noted that while there was a need to retain some flexibility within the work programmes for the thematic Committees, it was always the case that reports were brought to Committee when they were ready. Councillor R Crute asked if the Committee was assured of the slots as allocated by Committee Services in the diary and noted some of the agendas appeared somewhat top heavy, with up to five items. He asked if there was an ability to rebalance the distribution of items across the Committee dates allocated, if required. The Chair noted that the proposed work programme was such to have the most flexibility early within the programme, to allow time to deal with the issues arising from COVID-19, and also the March meeting would be in the period leading up to purdah and there would be a need to consider issues before that period. The Chair added that should Members feel an issue should be brought forward then it would be appropriate to check with the service grouping to ascertain if they would be able to bring forward a presentation at that point.

Councillor E Adam referred to the point he had raised in the previous item relating to youth unemployment and education and noted DurhamWorks was scheduled for Committee in February 2021, he did not see reference to what the Committee would be looking at in terms of the monitoring of performance figures in that regard. He also asked what work DurhamWorks would be undertaking within partners, schools, colleges and training providers, recalling a previous reports that had looked at what the Council could do in terms of working with our schools and colleges had highlighted that there was a need to work in closer partnership. Councillor E Adam noted there appeared to be a lack of links to encourage children to remain or go back into education and he felt that this would be important in terms of preventing young people becoming NEET. He asked for more information as regards whether it would be just DurhamWorks at that meeting or would it also include information in terms of youth unemployment. The Overview and Scrutiny Officer noted there had been an intention to look at statistics more widely, however, in having to deliver a very focussed work programme, the performance reports would contain the information in relation youth unemployment and more generally employment within the County. She highlighted that while dates were set out within the work programme, some were marked as "to be confirmed", as the September to December Committee Diary had yet to be finalised. It was added that once dates were known, further discussions and consultation would take place with the Chair and Vice-Chair and with the Members of the Committee.

Councillor J Atkinson noted page 59 of the agenda pack referred to the Skills Advisory Panel of the NELEP and asked if the item was a report on an issue that would be scrutinised. The Chair noted that there would be an opportunity for Members to put questions on the matter.

Councillor D Hall asked as regards the issue of Climate Change and whether there would be a joint meeting or review to look at what could be done outside of the Council with businesses and communities, and whether any “quick wins” could be identified within the support being offered to businesses. The Overview and Scrutiny Officer noted that as part of the work programme for the Environment and Sustainable Communities Overview and Scrutiny Committee there would be work looking at the Climate Emergency Response Plan, funding streams to work with local businesses and the issue of air quality. Councillor E Adam, Chair of the Environment and Sustainable Communities Overview and Scrutiny Committee reassured Members that it was an issue that would be looked at with a full report to come back to that Committee, and with Economy and Enterprise Overview and Scrutiny Committee Members being welcome to attend the appropriate meeting.

Councillor M Wilkes suggested that, with only a few items being able to be considered at each Committee meeting due to time constraints, it could be useful on particular issues, such as those mentioned relating to youth unemployment, town and villages regeneration and Masterplans, to set up small working groups, depending upon Officer time and availability, to look at the issues and feedback via report. He noted this may be preferable to having many items on a Committee agenda so that Members would have the opportunity to look at these areas in detail. The Chair noted that he, and the Vice-Chair, would have discussions with Scrutiny Officers and the Chair and Vice-Chair of the Corporate Overview and Scrutiny Management Board in terms of taking on board Members’ comments in relation to the work programme.

The Principal Overview and Scrutiny Officer noted the situation in terms of Officers working from home and the utilisation of remote meetings. He provided assurance to Members that, in terms of the corporate diary of meetings agreed earlier in the year, there would be a review of the resources and capacity that has been taken up in terms of remote meetings and also the timeframes and meeting capacity to ensure that as much of the work programme could be delivered within the remainder of the municipal year, taking into account the possibility of reshuffling items to bring forward to Committee if at all possible.

**Resolved:**

- (i) That the comments of the Committee on the proposed Work Programme for the Economy and Enterprise Overview and Scrutiny Committee for 2020/21 be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee Work Programme for 2020/21, and the flexibility it offers to respond to emerging issues, be agreed.

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**Economy and Enterprise Overview and  
Scrutiny Committee**

**30 October 2020**

**Impact of COVID-19 on the  
Regeneration, Economy and Growth  
Service Grouping**



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**Report of Amy Harhoff, Corporate Director of Regeneration,  
Economy and Growth**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 The report provides members with background information on the impact of COVID-19 on key areas of the Regeneration, Economy and Growth Service Grouping prior to a presentation by Amy Harhoff, Corporate Director of Regeneration, Economy and Growth.

**Executive summary**

- 2 Members will recall that at the meeting of the committee held on the 23 July 2020 a report and presentation from the Interim Managing Director of Business Durham was considered detailing the economic impact of COVID-19. The report and presentation provided members with detail of lockdown and the immediate response, the emerging insights of the economic impact and recovery planning with the majority of the detail provided focusing on the business sector.
- 3 In addition, members also considered at the meeting their future work programme and it was agreed that the Corporate Director of Regeneration, Economy and Growth should be invited to the next meeting of the committee to provide an overview of the impact of COVID-19 on key areas of the Service Grouping.
- 4 Arrangements have been made for the Corporate Director of Regeneration, Economy and Growth to attend the meeting on the 30 October 2020 to deliver a presentation focusing on:
  - The impact of COVID-19 on the services within the Regeneration, Economy and Growth Directorate

- The emerging economic impact of COVID-19 on the County's economy
- An update on resilience and recovery plans

A copy of the presentation is attached as Appendix 2.

## **Recommendations**

- 5 That the Economy and Enterprise OSC consider and comment on the information provided in the report and presentation provided at the meeting.
- 6 That the Economy and Enterprise OSC receives a further progress report detailing the impact of COVID-19 on key areas of the Service Grouping at a future meeting.

## **Background**

- 7 The Regeneration, Economy and Growth Directorate comprises the following services:
  - Transport and Contract Services
  - Culture Sport and Tourism
  - Development and Housing
  - Corporate Property and Land
  - Business Durham
- 8 The Directorate leads the council's strategic approach to creating more, better paid jobs and is responsible for delivering major regeneration and investment projects such as developments at INTEGRA 61 at Bowburn, Jade Business Park adjacent to Dalton Park, the Forrest Park development at Newton Aycliffe, NETPark at Sedgefield, Milburngate in Durham City, the Aykley Heads strategic employment site, and the Towns and Villages regeneration programme.
- 9 The Directorate also leads the Council's strategic role in relation to housing, transport, asset management and planning matters in the county, as well as providing key services for communities including essential travel services and public transport access, leisure centres and libraries, and supporting our cultural and tourism sectors, and businesses in the wider economy.

## **Impact of COVID-19 on REG Service Group**

- 10 Since the start of the COVID-19 pandemic in March 2020, the Regeneration, Economy and Growth Directorate has been at the forefront of the response to the crisis, delivering direct support to businesses and individuals in the County that have been affected, assessing the ongoing economic impact, and leading the Council's work on developing resilience and recovery plans.
- 11 A summary of the impact on the individual services within the directorate is as follows:

## **Transport and Contract Services**

- 12 The two impacts of COVID on the County's transport network has been a reduction in demand for people to travel, yet with additional resources required to assist with the social distancing of those that remain.
- 13 Currently traffic levels remain at 85–90% of the volume of pre-Covid levels compared with the same period last year. Peak hour traffic congestion and delay has not yet returned to normal levels. Traffic levels on Milburngate Bridge in Durham City for instance were only at 75% of the normal volume between 8 and 9 am in September 2020 compared with the same period last year.
- 14 Similarly the current passenger levels are at around 55% of pre-Covid levels and whilst Durham Park and Ride had returned to 50%, this figure dropped further to only 30% with the announcement of additional local lockdown measures.
- 15 On average, cycling figures have doubled across the County with a number of "emergency" cycle measures introduced in record time. The highest increase has been on the A167 at Chester Moor, up 300%. The increase in cycling is exceeded by public expectation and we continue to receive a large number of requests for improvements in walking and cycling.
- 16 Home to school travel continues to require significant attention with additional services being introduced to allow greater segregation when children are travelling. An increasing number of concerns from parents and schools with regard to social distancing at the school gate are also being received with some parents apparently unwilling to observe previous protocols and advice re parking. In some instances, enforcement is being stepped up.

## Culture, Sport and Tourism

- 17 COVID-19 has caused significant impact, and many services have not resumed or are resuming under restricted conditions.
- 18 The Festivals and Events Programme has been affected through cancellation of all physical events and festivals in 2020 resulting in impact on income and profile. In venues there are substantial income losses (approx. £200k (pro rata) per month) and long-term issues with performance activity– audience confidence remains an issue as well as lack of available programme due to businesses/organisations in the sector folding during last six months.
- 19 Digital content has been developed and has been offered free of charge to keep some access to services available, however, this is not sustainable, so further work is required on how a digital offer is developed and positioned moving forward.
- 20 In leisure centres, the current service operation has had to be redesigned to maintain staff and service user safety, resulting in lower customer capacity and higher staffing levels. This, in addition to the significant loss of income during the lockdown closure, has impacted the service's revenue position.
- 21 Normal well-being activities were stopped during lockdown and the delivery team were redirected to support the community hub in essential supplies, community support and advice. Some pre-Covid activities are now resuming but resources continue to be prioritised to support the community hub as necessary.
- 22 During the height of lockdown, over 400 staff from across the service were furloughed, however the service still managed to contribute the following to the Covid response:
  - Large numbers of staff redirected and retrained to maintain essential services such as Children's Centres, Crematoria, Refuse and Recycling collection as well as significant support to the community hub
  - Re-negotiation of leisure contracts to enable supplier relief
  - Set up of a food distribution network to support the community hub across the County. Initially to look at addressing where food supply issues may arise as a result of the Covid situation. This was primarily around the population identified as vulnerable and needing to shield, together with households where Covid was identified and people were self-isolating. This area of work is continuing but has now moved into the area of food poverty as the economic impact of the virus is emerging.

- 23 COVID-19 has had a devastating effect on the tourism and hospitality sector and since March 2020 Visit County Durham's work has focused on supporting the County's visitor economy sector businesses through the pandemic. Further detail on the work undertaken and the impact on the sector is provided in a separate report which will also be presented to Members at the meeting on 30 October 2020.

## **Development and Housing**

- 24 Within the Development and Housing Service, Housing Solutions worked closely with housing providers and partners during COVID to ensure no one was sleeping rough. There are now a number of rough sleepers in temporary accommodation with complex needs who require move-on accommodation with support. The lifting of the eviction ban as from 21 September 2020 will place additional demands on the service as the main reason for people contacting Housing Solutions for advice is as a result of the serving of a notice in the private rented sector. Work is ongoing to address these challenges.
- 25 The Employability Durham service has seen significant difficulties delivering its contracted ESF Employment support programmes. During the initial lockdown, Job Centres moved to a light touch arrangement with their clients and ceased all face to face contact. As a result, the main source of referrals ceased and many of the unemployed clients who also work with Job Centres declined support in line with their Job seekers conditionality of underlying health conditions. During the lockdown period, many of the employment advisers volunteered for roles working within the Community Hub to support local residents.
- 26 The Employability Team now continue to support all existing clients wherever possible through online and telephone support with many examples of clients progressing into new roles which have arisen through the pandemic. The ongoing lack of access to community facilities combined with recent introduction of local restrictions still prevents face to face support. An increasing feature of the team's work has been increased collaboration with other employment support programmes and support as part of the Rapid Response Service for redundancies and marketing of Jobs Fuse County Durham, a new service from National Careers Service aimed at supporting people made redundant or at risk of redundancy through COVID.

- 27 For Durham Employment & Skills (DES) delivery of accredited and non- accredited skills training ceased for much of the March-July 2020 period reducing income. Some Employability Durham clients did take up telephone / online 1-2-1 skills taster courses and support sessions (unfunded). External delivery is now re-commencing after Government ruling on Education and Learning activity as DES deliverers part of the Council's Adult Learning Contract under which the Council effectively holds FE College status. Priorities for delivery in October include Customer Service / Logistics employment routeway activity in support of recruitment at Amazon and other emerging opportunities.
- 28 The International Relations service saw all school international travel programmes and language exchange events cancelled for March-July 2020 due to lockdown school closures and travel restrictions. Due to ongoing uncertainty around international travel, schools have indicated they are unwilling to participate in travel programmes for 2021, and instead the team are looking to reshape programmes to support language development, soft skills and cultural awareness.
- 29 The Community Economic Development team has seen a shift in its work from project oversight and physical delivery to retail business support as on-site works were halted due to COVID-19 and the Government released support to retail and hospitality businesses. This included £469,000 through the Reopening High Streets Safely Fund, and provided a focus for a multi-service group that was drawn together to oversee town centre operations and co-ordinate reopening plans. Four retail support officers and an additional communications post secured through the funding has resulted in over 600 retail businesses being supported with visits and advice since August 2020. Emerging programmes are now being reshaped to support retail business resilience and access to new markets, and the team is seeing a significant upturn in business support requests, especially from property owners seeking to invest or convert units and new retail businesses seeking premises and support.

### **Corporate Property and Land**

- 30 Building and Facilities Maintenance has been affected since the outset of the pandemic. All four Building Services teams (Repairs and Maintenance, Construction, Building Design and Project Management) operate as trading services rather than budgeted services. With profit targets to achieve, the impact of COVID on 2020/21 year end projections for the four teams indicates a £2m loss compared to their combined target outturns. The loss impacts on the service's ability to generate its required revenue contributions.

- 31 A reduction in workload due to the pandemic also means there is not enough work in the 2020/21 programme to keep the workforce fully employed. With the continued impact of COVID, it is unlikely that there will be any significant opportunities during the current financial year to generate additional work.
- 32 The Catering Team have been furloughed since the beginning of COVID. The furlough scheme is scheduled to end at the end of October 2020. Human Resources are engaging with catering employees with regard to emergency redeployment work.
- 33 Other areas of the service have been very busy managing the PPE cell and deliveries as well as ensuring that all of the buildings that the Council occupies comply with all necessary measures to ensure the health and wellbeing of staff and visitors.

### **Business Durham**

- 34 Business Durham staff have been kept very busy since March 2020, responding to business enquiries, delivering direct support to businesses and gathering intelligence to monitor the impact on businesses in the County, as well as supporting the Council's Business Rates Team to deliver the Government support grants. All of Business Durham's properties have remained open throughout and there has been no noticeable impact on occupancy levels or rental income to date, although the situation continues to be monitored closely. Further detail on Business Durham's work is provided in a separate report which will also be presented to Members at the meeting on 30 October 2020.

### **COVID-19 Economic Impact and Resilience/Recovery Work**

- 35 The REG Service Grouping has taken the lead in work to assess the economic impact of COVID-19 and in developing resilience and recovery plans, working closely with other key partners through the County Durham Economic Partnership.

### **Economic Impact**

- 36 The full economic impact of COVID-19 will not be known until long after the end of the pandemic, but businesses and employees are facing real challenges now. There is a wide range of information and data on the emerging economic impact, some of which is national, and some is drilled down to regional and local level. Whilst some of the data is timely, much lags by a number of months.

37 From the data available we know that:-

- 9,563 businesses in Durham were provided with one-off, immediate support through the Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund and Local Authority Discretionary Grants Scheme, with over £104 million being paid out to businesses.
- 2,310 businesses have taken up the opportunity of business rate reductions or discounts totalling £50 million.
- At the beginning of the pandemic 231,500 people were employed in the County and in July 69,000 employees (32.2%) of these had been furloughed under the Job Retention Scheme (JRS). This scheme is being phased out and will be replaced by the Job Support Scheme from November 2020.
- In June 2020 5.5% of the working population totalling 13,600 people were unemployed in the County. Due to the furlough scheme being in place, the impact on unemployment was not yet evident in the data, but significant increases expected.
- In August the 'Claimant Count' in Durham had increased by 67% to 21,870 from a pre-Covid 19 figure of 13,090 in March.
- Unemployment is increasing with younger people being impacted more adversely
- Areas of higher deprivation are more likely to be adversely impacted
- The visitor economy, hospitality sector and cultural sector was hit the hardest by total lockdown and continues to be impacted with significant restrictions on operations under recently introduced local restrictions.
- Many manufacturing companies have continued to operate throughout, albeit some at reduced capacity, and are gradually increasing the numbers of staff returning to work from furlough. A number of firms have seen new opportunities in adapting or innovating new products to support the healthcare sector supply chain, and others involved in supplying home improvement products and services have also seen increased demand.

- Although nationally, the number of furloughed workers has almost halved from its early May peak of 8.9 million to 4.8 million in late July, hard-hit sectors like hospitality and leisure are still hugely reliant on the Job Retention Scheme that is due to end on 31<sup>st</sup> October 2021.
- Almost 10,000 County Durham businesses have taken out loans totalling £353 million through the Government-backed Coronavirus Business Interruption Loan Scheme and the Bounce Back Loan Scheme.

## **Business Resilience and Levels of Employment**

- 38 Grants and other financial support, together with the furlough scheme have softened, and in some cases delayed, the full impact of Covid 19 on businesses. But with the Job Retention Scheme coming to an end, there is a widespread expectation that increased redundancies will lead to higher unemployment and increasing business failures. Although the Government has announced the Job Support Scheme which will come into effect from November, this requires businesses to pay staff for hours that are not being worked and feedback from businesses indicates it is unlikely to be sufficient to enable them to retain staff, particularly in the hardest hit sectors.
- 39 In June 2020 the level of unemployment in Durham was 5.5% representing 13,600 people. Although more up to date data is not available for Durham, at both a regional and national level the numbers of people who are unemployed has increased. Nationally 16-24 year olds have been most adversely affected. There is nothing to suggest that these trends will be different in Durham.
- 40 Business sectors that have been particularly impacted by Covid 19 are:
- Retail, hospitality and cultural sector : where the initial lockdown has massively impacted on demand, major brands going into administration and current restrictions continuing to present cash flow challenges. Durham City is facing significant challenges with increasing numbers of empty retail premises. Nationally, the fall in furloughing in July was driven by retail workers returning to work. The proportion of retail workers on furlough fell by 40 per cent during the month (from 29% of workers to 17%).

- Visitor economy : initial lockdown brought the visitor economy in the county to a standstill and the phased release has resulted in businesses starting up but continuing to face the challenges of reduced demand associated with confidence and social distancing, and resulting cash flow issues. The situation has been compounded by the introduction of local restrictions and we are now seeing redundancy consultations in the County's tourism and visitor attractions, such as Beamish Museum.
- Public transport : Affected substantially by lockdowns and travel restrictions. The main challenges are public confidence, social distancing and fewer customers leading to pressures on profitability. As at September 2020 the level of bus usage was at 50% of pre-Covid levels, and a loss of some train and bus services across the county is a possibility.

### **Agile Resilience Plan**

- 41 It is clear that the economic impact of the pandemic on businesses and employment in the County has already been significant, and that the full extent of the impact has yet to be realised. With the recent rise in cases and the introduction of local restrictions, businesses continue to face challenges in being able to return to normal trading, and are experiencing increased costs of adapting workplaces and methods of operation at the same time as suffering reduced levels of income.
- 42 The key priorities for the next few months are to support the resilience of businesses and employees in County Durham during a period when the pandemic is still with us all. The North East Covid 19 Economic Response Group references this period as 'Living with Covid' when the key objectives are to manage transition and economic stabilisation, before moving into the recovery phase at a later stage.
- 43 The County Council, together with the County Durham Economic Partnership, has therefore developed an Agile Resilience Plan providing a pragmatic and positive approach to supporting the resilience of businesses and employees. The plan comprises 4 key priorities:
- Resilient Businesses
  - Resilient People
  - Resilient Visitor Economy
  - Resilient Town Centres

- 44 A series of actions are being taken forward within each of the 4 priority areas, as follows:

<b>Resilient Businesses</b>
<ul style="list-style-type: none"> <li>◦ New Business Recovery Grant Scheme to be funded by DCC (subject to member approval)</li> <li>◦ Digital Drive County Durham programme to provide fast track grants service to businesses to take up digital technology</li> <li>◦ Launch catalogue of business support available to businesses in the County (from all public sector providers)</li> <li>◦ Undertake promotional campaign during Autumn 2020 to encourage businesses to take up support available</li> <li>◦ Supporting Supplier Relief</li> <li>◦ Durham Mental Health and Wellbeing Training Hub for SMEs launched</li> <li>◦ Implement Social Value and Local Wealth Building programme</li> <li>◦ Durham Business Opportunities Programme commissioned 1:1 support for micro and small businesses to help with adapting and identifying new markets.</li> <li>◦ Promote take-up of ERDF funded programmes, including University Internship programme and IIP – Industrial PhD programme for SMEs, to enable SMEs to explore new market opportunities.</li> <li>◦ Webinar on energy efficiency for start-ups to ensure running costs kept to a minimum</li> <li>◦ Complete key strategic site infrastructure (Aykley Heads, Jade, NETPark) to support businesses, inward investment and growth</li> </ul>
<b>Resilient People</b>
<ul style="list-style-type: none"> <li>◦ Employment/ Youth Hubs to be established in areas of high unemployment, initially Bishop Auckland, Peterlee and Stanley</li> <li>◦ Campaign to communicate the support available through DurhamWorks, Durham Advance, LINKCD, National Careers Service and ROAD to help young people and adults access employment</li> </ul>

- Develop £4m Youth Futures Foundation bid to support young people aged 14-24 who continue to experience extreme labour market disadvantage.
- Promote take up of opportunities in Government Plan for Jobs including:
  - Kick Start programme and establishment of DurhamWorks as employer intermediary.
  - Traineeship and Apprenticeship incentives to business.
  - Pilot Intensive Youth Support Service via DurhamWorks.
  - Redundancy Support Service for Apprentices
- Introduce Supported Employment Service in County Durham to support people with disabilities access paid employment
- Increase capacity to provide targeted employment and skills support to those age 25 and over
- Submit bid to extend Durham Advance from April 2021 to support the progression towards the labour market of disadvantaged and marginalised residents
- Community Led Local Development (CLLD) Mentoring programmes to be extended and to include digital skills support

### **Responding to Redundancy**

- Rapid Response Service (multi agency) in place to support employers and those in risk of redundancy.
- Promotion of Jobs Fuse County Durham service and support available
- Business Durham and partners to increase capacity to provide advice and support for increased levels of start-up enquiries
- Develop County Durham portal for business start-up advice
- Mobilise start-up provider network to encourage more efficient working in order to meet anticipated increase in demand for start-up support

### **Resilient Visitor Economy**

- Comms and Marketing campaign
- Develop an apprenticeship levy 'passport package' to support SME and micro businesses in Culture, Tourism and Visitor Economy sectors.

- VCD working in partnership with industry partners, County Durham Economic Partnership, Business Durham, DCC teams, North East Tourism Alliance, North East LEP, sector bodies, Visit England/Visit Britain, England's DMO network to develop recovery plans and strategies
- Communications signposting to:
  - Government and official sources of support, advice, guidance and financial support
  - Funding and grant programmes
  - Industry training delivered by partners and third parties
- VCD Destination Marketing

### **Resilient Town Centres**

- Communications and Marketing Campaign
- DCC Community Economic Development Team employing additional 3 retail business advisers to assist with reopening, restarting and ongoing support for retail businesses
- Digital High Street programme to utilise new technology and explore the opportunities of local apps to enable local businesses to connect with residents and encourage local shopping
- Up to £20m Town and Villages Initiative
- Bishop Auckland Future High Street / Stronger Towns Funds (up to £50m)

- 45 Partners are meeting regularly, focusing on delivery of these actions and identification of additional gaps and support measures required as they arise, recognising that the situation continues to change on an almost daily basis.
- 46 At the same time the Council continues to work in close partnership with the seven North East Local Authorities to lobby Government for a package of additional support measures for the North East, and to ensure that the regional interventions are relevant for the County Durham Economy, and that the Region's voice is heard at a national level.

## **Conclusions**

- 47 Overview and Scrutiny members will be aware of the impact of COVID-19 on key areas of the Service Grouping, activity undertaken to mitigate the impact and future recovery plans.
- 48 It is intended that the committee will continue to monitor the impact and progress made in relation to recovery plans with a further progress update report coming to a future meeting of the committee.

## **Background papers**

- None

## **Other useful documents**

- None

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**Contact:** Amy Harhoff

Tel: 03000 267330

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Climate Change**

Not applicable

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable

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# Impact of COVID-19 on Regeneration Economy and Growth Service Grouping

Amy Harhoff  
Corporate Director of Regeneration,  
Economy and Growth

30 October 2020



# Impact on Services

- Reduction in demand for people to travel, but additional resources required to assist with the social distancing
- Cancellation of all physical events and festivals in 2020
- Leisure centre services redesigned to maintain staff and service user safety - lower customer capacity and higher staffing levels.
- Finding accommodation for rough sleepers and increased demands on service
- Visit County Durham and Business Durham supporting high volumes of business enquiries



# Impact on Services (contd)

- Reduced referrals for employment support programmes and unable to deliver face to face
- School international travel programmes and language exchange events cancelled
- Supporting retail businesses in town centres
- Impact on income for Buildings and Facilities Maintenance services
- Furloughing and redeployment of staff
- Managing PPE cell and deliveries



# Current Context

- March UK into National Lockdown
- A new 'norm' for individuals, business and communities
- Mitigation business support measures introduced
- Reduction in rate of infection and deaths – 10 May announcement
- Economic growth, social interaction – a new and better normal
- Increases in infections
- New localised restrictions – 18th September NE
- It's an economic roller coaster



# Economic Impact

- Final impact unknown – but inaction is not an option
- Data & Intelligence mixed – national / local / timely / lags
- Small business grants – 9,563 businesses - £104m
- Rate reductions / discounts – 2310 businesses - £50m
- 231,500 employed March – 69,000 furloughed in July
- June 2020 5.5% unemployment 13,600 – data lag
- March 13,090 claimant count – Aug 21,870 (+67%)



# Levels of Employment

- Grants and furlough – softened and delayed impact
- Limited new grants & Furlough Scheme ending 31st October
- Redundancy is a strategic business option
- Unemployment increases and business failures will happen
- 5.5% unemployment in June - What to expect ?
- Rise expected over a very short period
- Young people impacted most
- Claimant Count 4% - 6.7%. 18-24 year olds now at 10%. Easington 16%

# Doing better ?

- Some businesses have operated throughout Covid 19
- Opportunities to adapt or innovate new products – healthcare sector supply chain
- Home improvement products / services



# Retail, Hospitality & Culture

- Demand cut off overnight
- Revenue streams lost
- High levels of furloughed staff
- Cash flow difficulties
- National chains going under
- Opening up but with restrictions
- Retail workers furloughed fell by 40% in Aug
- 'On line offer' - more resilient

# Town centres

- Aug – town centre footfall nationally to 75% of pre Covid levels
- Durham City 70%
- Other towns e.g. Bishop Auckland / Stanley higher return levels ..near 100%
- Durham City occupancy levels of concern with 20 retail unit closures in a year
- Other towns not as badly impacted



# Visitor Economy

- Lockdown brought the sector to a standstill
- Similar issues revenue streams lost, opening up but with restrictions, Cash flow pressures
- Staycation positive but ..... VCD recent analysis of 300 businesses 77% of businesses opened with reduced capacity, 13% still closed, 2% closed permanently (prior to new restrictions)
- Starting to see administration / redundancies / closures (Beamish Museum, Hallgarth Manor, Crook Hall and gardens)

# Transport

- Even with phased release from lockdown public transport still at only 50% usual capacity
- Local Bus and train operators under pressure
- Aviation Industry – revenue loss £20.1bn in 2020

**‘Covid 19 has reduced air travel by 97% this year’**

House of Commons Transport Select Committee



# Agile Resilience Plan



RESILIENT  
BUSINESSES



RESILIENT  
PEOPLE



RESILIENT  
VISITOR ECONOMY



RESILIENT  
TOWN CENTRES

**Economy and Enterprise Overview and  
Scrutiny Committee**

**30 October 2020**



**Business Durham – Progress Report**

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**Report of Amy Harhoff, Corporate Director of Regeneration,  
Economy and Growth**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee (E&E OSC) with background detail on the activities of Business Durham prior to a presentation highlighting the work and impact of Business Durham in County Durham, including detail of support provided during the COVID-19 pandemic.

**Executive summary**

- 2 Members will be aware that the Committee receives, on an annual basis, an update on the activities undertaken by Business Durham, identifying the impact of that activity on the county.
- 3 The last progress report was considered by Committee in November 2019. However, at the E&E OSC on 23 July 2020 members received a report and presentation highlighting the economic impact of COVID-19 on the county. The report and presentation included detail of the support provided by Business Durham during the pandemic to the business sector in County Durham and recovery plans.
- 4 The committee when considering its work programme for 2020/21 agreed to include an update on the activities and performance of Business Durham together with a further update on continued support provided to the business sector and progress made in relation to recovery plans.

5 Arrangements have been made for Sarah Slaven, Managing Director (Interim), Business Durham to attend on 30 October 2020 to provide a presentation focusing on:

- 2019/20 performance and highlights
- Covid 19 impact and support for businesses

A copy of the presentation is attached as Appendix 3.

## **Recommendations**

6 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and during the presentation.

7 That the Economy and Enterprise Overview and Scrutiny Committee as part of the refresh of the committee's work programme for 2021/22 receives a further progress report on activity undertaken by Business Durham including support to aid recovery of the business sector resulting from the COVID-19 pandemic.

## **Background**

8 Business Durham is the economic development arm of Durham County Council with the following mission, vision and strategic aims:

### **Mission**

To enable economic growth, create jobs and improve lives in County Durham.

### **Vision**

Business Durham will have a reputation for delivering measurable and inclusive economic growth.

### **Strategic Aims**

1. Build a profile and reputation for County Durham as the best place to invest, start or grow a business
2. Improve our financial resilience and surplus
3. Deliver measurable inclusive economic growth and account for our performance to our stakeholders
4. Develop the ecosystem to enable County Durham to be a leader in innovation and enterprise
5. Invest in our people, systems, and processes to ensure our organisation is robust and agile with a reputation for quality

- 9 Business Durham operates the Council's industrial and business property portfolio via a commercial model, both to attract and grow tenant companies but also to use any surplus to pay for Business Durham's public good activities in business engagement, innovation, sector development, strategy development, inward investment, and enterprise.
- 10 Business Durham continues to focus on sectors where activities will have the most economic impact. These sectors (effectively, non-retail and non-leisure) account for approximately 9,500 businesses (VAT/PAYE registered) in County Durham.
- 11 To advise, inform and support its work, Business Durham benefits from an Advisory Board, supported by DCC elected Members and private sector board members representing a range of business sectors in the County.

## Performance Summary and Highlights

- 12 2019/20 was another successful year for Business Durham, with targets being met or exceeded (see Appendix 2). Highlights of the year included:

- 86% Occupancy
- 2108 jobs created/safeguarded
- £62M GVA growth
- 1040 businesses engaged
- £3.4M secured for businesses
- 8 inward investors
- £0.9M new contracts won
- 16 business start-ups
- 2575 people engaged in enterprise

- 13 Income for the **Business Durham portfolio** ended the year at 5.2% above target and 9.1% better than the previous year, reflecting increased occupancy across the portfolio, in particular at NETPark with higher rental values. Occupancy across the portfolio at 86.40% was above target for the year with industrial occupancy remaining constant around 90%, and increases in occupancy of offices and at NETPark.

- 14 2019/20 also saw a major investment in 155,000 sq. ft. of Council-funded speculative industrial units at **Jade Business Park** in Murton, which will be owned by the Council and managed by Business Durham. Sumitomo Electric Wiring Systems Europe, a supplier to Nissan, was announced as a pre-let on the largest unit of 55,000 sq. ft. and despite difficult weather conditions and the impact of COVID-19, Sumitomo were able to move in to their unit in July 2020, with all 7 units complete by August 2020. There is strong interest in the remaining six units following a period of intense marketing.
- 15 The Council has also agreed a further £5m investment at **Station Place, Merchant Park, Newton Aycliffe**, to support a development of 50,000 sq. ft of speculative industrial units, responding to the demand for modern industrial space across the County. Subject to planning approval, construction on site is expected to commence in January 2021 with units available from September 2021. Business Durham will manage and market the units and be responsible for a 30 year head lease with the developer.
- 16 Since its launch in May 2017, the **Finance Durham Fund** has invested £5.44 million into 13 companies, generating £7.2 million private sector leverage and supporting the creation of 223 jobs. Together the portfolio employs over 270 staff across the County in core growth sectors including technology, engineering, tourism, renewables and scientific innovation. The Finance Durham Fund is managed by Maven Capital Partners on behalf of the Council. Maven also manage one of the five funds that make up the North East Fund, a £120m investment programme available to SMEs across Durham, Northumberland and Tyne and Wear. Business Durham works closely with the fund managers to ensure businesses in the County are aware of the finance available, and to date the North East Fund has made 53 investments totalling £8.3m into County Durham businesses (19.1% of the total invested in the region).
- 17 The **Digital Drive County Durham ERDF programme** was launched in January 2018 to enable businesses to become more resilient, efficient and profitable by using digital technology to gain a competitive edge and maximise growth. To date, 521 businesses have been assisted through the programme, with 360 businesses receiving at least 12 hours support. The programme also offers a grant towards the cost of businesses implementing new digital technology and equipment within their business, and 264 grants totalling over £889,000 have been paid out to businesses. A fast-track approach to grants was introduced as part of the Covid-19 response and has been particularly valuable to enable businesses to implement home-working and online services. In May 2020, funding approval for a further £2.34 million ERDF was received to extend the Digital Drive programme up to June 2023.

- 18 The first phase of the ERDF funded **Durham Business Opportunities Programme (DBOP)** was completed in November 2019, and an interim evaluation was undertaken by New Skills Consulting. The DBOP programme works with SMEs in the County who have not traditionally accessed business support, specifically by identifying and helping them access market opportunities, connecting them to other support opportunities and looking to fill unmet needs. The evaluation found that the majority of businesses assisted in Phase 1 were micro businesses with a turnover of less than £50k, and that 63% of respondents had not previously received business support. Client feedback was very positive with 86% rating the process by which they accessed support as being good or very good, and the evaluators concluded that the programme provided good value for money with £2.28 of net additional GVA created for every £1 of public sector investment.
- 19 Phase 2 of the DBOP programme is now underway and intensive strands of support commissioned through the programme have been focused towards helping companies to recover from COVID-19 and look for new market opportunities. This includes 'Construction Routes to Contract Success' aimed at SMEs in the construction supply chain, support for the Engineering sector, working with the Engineering and Manufacturing Network (EMN) and 1:1 intensive marketing support for micro and small businesses to help them get back on track and fund new customers.
- 20 The **County Durham Growth Fund** provides grants for SMEs that are investing in capital equipment or new premises in order to support their growth. The fund commenced in April 2019 and to date has awarded grants to 12 businesses totalling £3.8 million, with 414 jobs forecast to be created. A further 14 projects have been approved in principle, subject to due diligence. ERDF approval has been received to extend the project until June 2023 with an additional £4 million of grant funding, meaning the fund now has £5.1 million available to allocate to projects over the next 3 years which will help to support SME growth plans as the economy moves into the recovery phase.
- 21 There were 8 **inward investment projects** during 2019/20, all of which were smaller projects than in some years, but which will lead to the creation of over 170 jobs in the County. Economic uncertainty due to Brexit had a considerable impact on enquiries, with larger inward investment projects taking longer to come to a decision, and activity was further affected by the impact of COVID-19 in the period from March-July 2020. Inward Investment enquiries have since started to return to more normal levels especially in the manufacturing and technology sectors.

- 22 A highlight of 2019/20 was the Business Durham-led **Trade Mission to South Africa** which took place in September 2019. 15 companies from the North East, including 6 from County Durham, participated in the trade mission, the largest delegation from the region to date. The businesses had the opportunity to meet businesses and trade officials in Johannesburg and Durban, to identify potential market opportunities and make contacts across a range of sectors. Over £500,000 of contracts were generated as a result of the mission. Following on from this, the Chairman of Durham County Council, and an officer from Business Durham attended the South Africa Investment Conference in Johannesburg in early November 2019, at the invitation of Her Excellency Nomatamba Tambo, South Africa High Commissioner to the UK. The conference provided an opportunity to learn more about the investment planned in the Cape Town region and to further strengthen the relationship between the County Council and Business Durham with Department for International Trade colleagues from Durban and Johannesburg.
- 23 Business Durham has maintained its work on innovation during the year in particular in relation to opportunities in the space sector. A business case to extend Business Durham's contract to run the **North East Satellite Applications Centre of Excellence** for a further 2 years to March 2022 was approved by the Satellite Application Catapult. A feasibility and options study of the space sector in the region was completed in April 2020, which will help to inform the development of a longer term plan for the Centre of Excellence beyond 2022, and highlights the opportunity to create a Space Hub at NETPark.
- 24 **Durham City Incubator (DCI)** a partnership initiative with Durham University and New College Durham, which is based at Salvus House, has seen two further cohorts complete their 6 month accelerator programme. This brings the total number of entrepreneurs supported to set up a business in Durham to 28. Several of the businesses on Cohort 2 (July-December 2019) have had considerable success as a result of the support received. One has secured £250K investment, one received an award for the best business with social aims in the 'If We Can You Can' competition, and one business has taken on 2.5 staff. Four of the businesses have taken office space at Salvus House on completion of the programme and one was been offered space within the Atom Bank incubator. The 6 businesses on Cohort 3 (January-June 2020) suffered some disruption due to COVID-19, but have continued to progress with developing their products, services and marketing. A further 5 businesses commenced on Cohort 4 in July, which will be delivered as a virtual programme to December 2020. Three of the participants are graduates from Durham University and another is from New College Durham.

- 25 In February 2020, ERDF funding was approved for a new project to enhance the enterprise and start-up offer in the County, called '**Durham Ambitious Business Starts (DABS)**'. The programme launched in June and has two elements: support for potential entrepreneurs thinking of starting a business, and support for new businesses that have been trading for less than one year. A variety of innovative delivery methods are being piloted, together with an online 'start-up portal' and Durham's first virtual 'Festival of Enterprise' which will take place on 21<sup>st</sup> and 22<sup>nd</sup> October 2020 to inspire and showcase the support available.
- 26 The **Future Business Magnates 2020** enterprise competition was launched in November 2019, and the participating teams were challenged to come up with a new business idea to fit the theme "Build a Business to Protect the Planet", with support for the competition from the BBC and the Environment Agency. Sadly the competition had to be halted when schools were closed in March as part of the national lockdown, and given the level of disruption experienced, it was not possible for the teams to complete the remaining two competition challenges. Instead of the Awards Ceremony at the end of the competition, all participating students received a certificate and voucher recognising their efforts. Due to the pandemic, no face to face enterprise activity is planned for the remainder of the academic year and instead time will be spent developing virtual enterprise activity that can be used as a resource by schools in the future

### **Impact of Covid 19**

- 27 Since April 2020, overall occupancy of the property portfolio has increased from 86% to 92% with significant new lettings at NETPark in particular, despite COVID-19. It is felt COVID-19 has yet to have a major impact on performance with Government assistance helping companies survive the first quarter. All tenants were offered a rent deferral from quarter one into quarters two, three and four with some 60% of tenants taking up the offer.
- 28 NETPark and all business centres remain open with COVID-19 social distancing measures in place. The majority of NETPark tenants continue to operate from site, as business as usual, with activity at the business centres and industrial sites gradually increasing, but not yet back to pre-lockdown levels.

- 29 Whilst businesses in some sectors continue to be badly affected, there are encouraging signs in other sectors. A number of manufacturing and distribution companies have reported accelerated volumes as the population has stayed at home or had staycations, and those in work or on furlough have undertaken home improvement projects. Most manufacturing firms are now operating at around 70-80% of pre-Covid volumes, and the latest investment panel for the County Durham Growth Fund approved 3 manufacturing business projects that will create over 70 jobs in the County. There is a healthy pipeline of business enquiries for the fund, indicating that there continue to be companies in the County that are progressing expansion plans.
- 30 Similarly, businesses attending the business networks that Business Durham facilitates across the County, which are currently being held online, are reporting positive trends and new opportunities, including a number that are recruiting staff. Business Durham continues to showcase these positive business news stories and case studies on its website.

### **Support for Businesses**

- 31 Business Durham has continued to respond to high numbers of business enquiries and to reach out proactively to businesses in the County, engaging with 654 businesses in the period from April to September 2020.
- 32 The team supported the Council's Business Rates team to expend the small business grants, retail, hospitality and leisure grants, and the local authority discretionary grants before these schemes closed at the end of August 2020. This included chasing up over 300 businesses to ensure they didn't miss the deadline.
- 33 To ensure that businesses are aware of support to help them adapt and recover, Business Durham has co-ordinated a COVID Business Support Brochure outlining the local and regional business support programmes that are available for County Durham businesses to access. The brochure is available on the Business Durham website: <https://www.businessdurham.co.uk/covid-19-recovery/covid-recovery-for-businesses/business-support-brochure/> and a copy has been provided to all Members.
- 34 The team have also developed a proposal for a Business Recovery Grant scheme, designed to support businesses that have a credible plan to adapt and recover, but lack the finance to be able to implement it, and where the costs cannot be funded from one of the existing grant schemes. The proposal is currently under consideration within the Council.

- 35 Business Durham is developing links with specialist firms in the region that assist business restructuring, to ensure they are aware of the support available to businesses when they are dealing with companies that are in danger of going into administration or insolvency. Business engagement staff continue to alert businesses to the support on offer for employees at risk of redundancy, in partnership with Employability Durham, DWP, and the National Careers Service. It is anticipated that there will be an increase in businesses restructuring, and employees being made redundant once the current furlough arrangements change at the end of October 2020.
- 36 Work has also been undertaken to assess the capacity of the start-up provider network in the County to support an anticipated increase in demand from people looking to start their own business, due to redundancy. A number of measures are being put in place including the development of a start-up portal through the DABS programme that will offer 'self-serve' information and support.

### **Looking Forward**

- 37 Covid 19 support and recovery will continue to be the top priority for Business Durham for the remainder of the year, whilst also ensuring no dip in financial and performance measures. Ongoing business engagement, including delivery of the Northern Powerhouse Key Account Management programme will ensure the team are able to pick up intelligence and evidence of the impact on businesses and the economy.
- 38 In addition to this, Business Durham will continue to progress plans to develop new opportunities for the future, including enhancing inward investment capacity and activity, strengthening the innovation offer in the County, particularly in relation to opportunities in the space sector, and bringing NETPark Phase 3 and other key local sites to market, ensuring the County has a good pipeline of modern industrial property to support future economic growth.

### **Conclusion**

- 39 Business Durham continues to deliver considerable economic impact for the County and provide vital support for businesses in response to the impact of COVID 19.

### **Background papers**

- None

### **Other useful documents**

- None

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**Contact:** Sarah Slaven

Tel: 03000 261258

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## **Appendix 1: Implications**

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### **Legal Implications**

This report is for information only

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Climate Change**

Not applicable

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable

## Appendix 2: Business Durham 2019/20 Performance

Strategic Aims	Objectives 2019-20	Target	Achieved
1. Build a reputation for County Durham as THE place to start grow or invest in a business	1.1 Increase social media activity, PR and presence	Q4	Q4
	1.2 Strengthen visual identity and deliver marketing collateral	Q1	Q1
	1.3 Establish process for more effective use of data gathered to inform activity and decisions	Q2	Q2
	1.4 Targeted in depth activity aligned to geographic and sectoral opportunities to drive business engagement	Q4	Delayed
2. Improve financial resilience	2.1 Increase business occupancy	85%	86.4%
	2.2 Generate more commercial rental income	£4.2M	£4.42M
	2.3 Deliver property operating surplus	£1.2M	£1.29M
	2.4 Successfully bid for and win new contracts	£3.0M	£0.9M
	2.5 Extend value of property portfolio	£13.5M	£19.0M
	2.6 Net debt reduced (30 days +)	£250,000	£171,970
3. Increase productivity and growth	3.1 Jobs created or safeguarded	1,500	2,108
	3.2 Increase number of businesses engaged	1,000	1,040
	3.3 Businesses intensively assisted	300	403
	3.4 Value of GVA growth	£44M	£61.9M
	3.5 Inward Investment projects secured	10	8
	3.6 People engaged in enterprise activities	2,500	2,575
	3.7 Investment secured for companies	£5M	£3.4M
	3.8 Business start ups (DCI)	18	16
4. Drive up quality transform internal processes	4.1 Achieve Investors in People	Q4	On hold
	4.2 Embed core processes and invest in technology	Q4	Achieved
5. Attract and retain the best people	5.1 Staff satisfaction level	80%	92.5%
	5.2 Proportion of staff upskilled	100%	100%
	5.3 Reduce staff sickness and absenteeism	(10%)	-
	5.4 Achieve Better Health at Work Award	Q4	Achieved

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# Business Durham



## Economy & Enterprise Overview & Scrutiny Committee

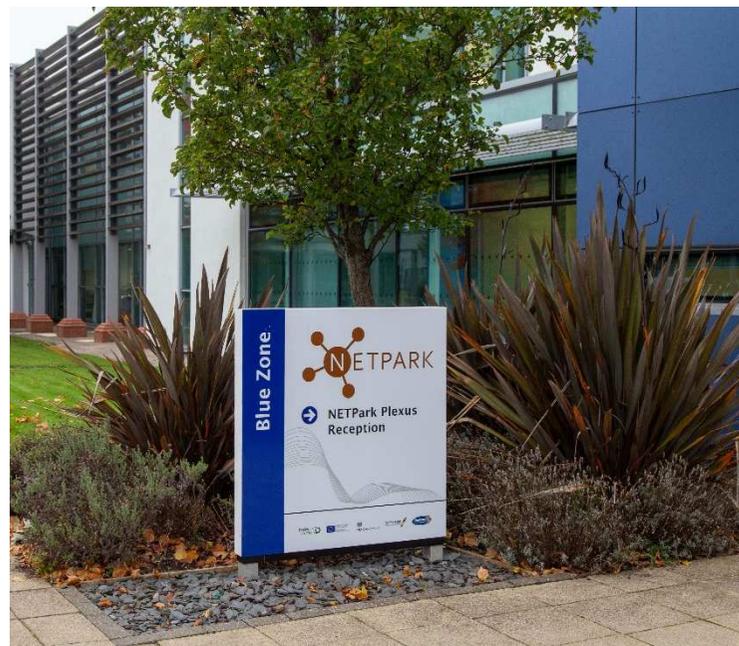
Sarah Slaven

Managing Director (interim)

30<sup>th</sup> October 2020

# 2019-20 Performance

- ❖ 86.4% Occupancy, £1.2M property surplus
- ❖ 2108 jobs created/safeguarded
- ❖ £62M GVA growth
- ❖ 1040 businesses engaged, 403 intensively assisted
- ❖ £3.4M secured for businesses
- ❖ 8 inward investors
- ❖ £0.9M new contracts won
- ❖ 16 business start-ups (DCI)
- ❖ 2575 people engaged in enterprise



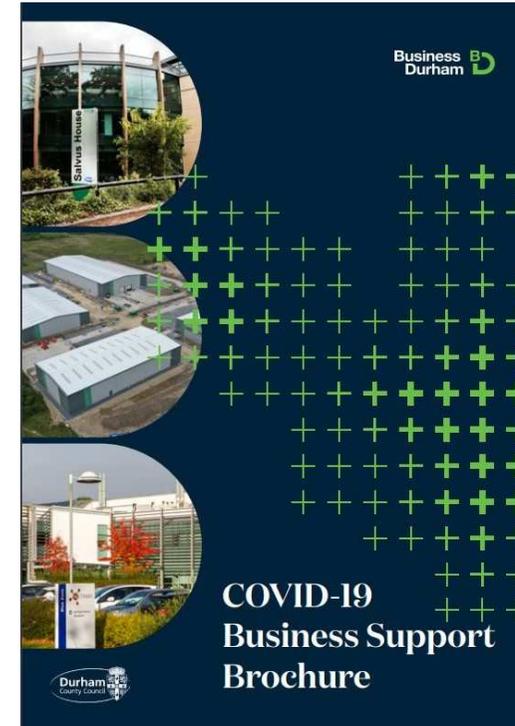
# Activity Highlights

- ❖ Jade Business Park
- ❖ ERDF Programmes:
  - ❖ Digital Drive County Durham
  - ❖ County Durham Growth Fund
  - ❖ Durham Business Opportunities Programme
  - ❖ Durham City Incubator (DCI)
- ❖ South Africa Trade Mission



# Impact of COVID 19 & Support for Businesses

- ❖ Occupancy levels holding up well
- ❖ Some sectors seeing opportunities to expand
- ❖ 654 businesses engaged since April
- ❖ Support with grants and advice
- ❖ COVID Business Support Brochure
- ❖ Business restructuring support
- ❖ Rapid Response Service
- ❖ Start-up capacity
- ❖ Future opportunities



# Questions?



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**Economy and Enterprise Overview and Scrutiny Committee**

**30 October 2020**



**Visit County Durham (VCD) – activity and support provided during pandemic and recovery plans**

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**Joint report of John Hewitt, Corporate Director of Resources and Amy Harhoff, Corporate Director of Regeneration, Economy and Growth**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 The report provides members with background information on the activity undertaken by Visit County Durham (VCD) to develop and promote County Durham as a tourism destination prior to the COVID-19 pandemic, work undertaken to support the tourism sector during the pandemic and detail of recovery plans. The presentation will be provided by Michelle Gorman, Managing Director, VCD, Regeneration, Economy and Growth.

**Executive summary**

- 2 Members will recall that previously the committee carried out a scrutiny review and made recommendations as to the activity undertaken by VCD to develop and promote the County as a tourism destination. Following the completion of the review the committee received updates on progress made in relation to the recommendations with the last update provided in April 2018.
- 3 Subsequently, when determining future work programmes the committee has included an annual update on activity undertaken by VCD to develop and promote the county as a tourism destination.
- 4 The committee received an update on the activity undertaken by VCD as part of its 2019/20 work programme and when considering its work programme for 2020/21 at the meeting on the 23 July it was agreed that a further update would be provided to the committee which would include detail of the impact of COVID-19 on the tourism sector, support provided and recovery plans.

- 5 Arrangements have been made for Michelle Gorman, Managing Director, VCD to attend the meeting on the 30 October 2020 to deliver a presentation focusing on:

- Visitor economy 2019 performance
- Impact of COVID-19 on the tourism sector
- Business support
- Development and marketing activity

A copy of the presentation slides is attached as Appendix 2.

- 6 It is proposed that the committee will continue to monitor the performance of VCD in marketing the county as a tourism destination, how it delivers support to the tourism sector and assists with recovery plans.

### **Recommendations**

- 7 That the Economy and Enterprise OSC consider and comment on the information provided in this report and presentation provided at the meeting.
- 8 That the Economy and Enterprise OSC includes in its work programme for 2021/2022 a further progress report detailing the performance of VCD in marketing the county, continued support delivered to the sector and detail of further recovery plans.

### **Background**

- 9 Visit County Durham is the destination management organisation (DMO) for County Durham working on behalf of businesses and public agencies, we came into being on 1 April 2006.
- 10 Our purpose is to provide strategic added value, coordination and leadership to tourism activity and the visitor economy in the county for public agencies, private sector, and tourism businesses. We deliver Durham County Council's destination management, destination marketing and place marketing functions.
- 11 Our main activity is destination management. This means influencing or delivering directly activities that relate to visitors and the visitor economy, including marketing, information services, product development, visitor experience, business engagement and workforce development.
- 12 Many people are involved in delivering a vibrant visitor economy, which is why we work in partnership with businesses, stakeholders and partners from across the county, and in the region; nationally and internationally with Britain's tourism board VisitEngland/VisitBritain. We take a different role in each of our areas of activity depending on need and existing arrangements.

- 13 Our objective is to ensure that the tourism sector performs to its maximum capacity and brings economic benefits to the county in the form of wealth and job creation. Our broad aims are to attract people to the area and to provide visitors with the best possible experience.

## **County Durham Visitor Economy**

### **Performance 2019 economic impact assessment**

- 14 Market intelligence is essential in order to accurately inform and shape the work of Visit County Durham and our partners, we gather and analyse current and relevant intelligence and information to help the county's tourism sector to prosper and grow.
- 15 One of the main pieces of research undertaken is the annual economic impact assessment STEAM, which approaches the measurement of tourism from the bottom up, through its use of local supply side data and tourism performance and visitor survey data collection. The latest results from 2019 show:
- 20.13 million people visited in 2019, up by 2.1% on 2018.
  - Overall visitor expenditure was £955.07 million, an increase of 1.9% on 2018.
  - The number of days visitors spent in the destination increased by 2.3% to 22.8 million visitor days.
  - The number of overnight visitors to Durham rose by 0.6% to 1.61 million with these visitors spending 4.3 million nights in the destination. These visitors spent £404.01 million while in Durham, up by 1.5% on 2018.
  - 8% of total visitors stayed overnight spending £404.01 million up by 1.5% on 2018, accounting for 42% of all visitor expenditure.
  - Day visitor levels rose by 0.2% to 18.52 million visitors, with expenditure levels also increasing by 2.2% to £551.06 million.
  - 92% of all visits are day visits with these visitors accounting for 58% of all expenditure.
  - Average expenditure for overnight visitors is £190.27 per trip while the average day visitor spend is £22.07 per trip.
  - The number of people directly employed in tourism in Durham in 2018 rose by 1.1% to 9,720 (FTEs). When indirect employment in the supply chain is considered total employment stands at 12,133, also up by 1.1%.

- 16 COVID-19 has had a devastating impact on the tourism sector, and it will take us some years to recover. VCD had revised and set an ambitious value target for the county's visitor economy of £1billion by the end of 2020, we know that this target in the 2020 timeframe is now unachievable, but we are confident that had we not been facing a global pandemic in 2020 the achievement of the £1bn target was a certainty. This demonstrates that we were on the right track and the investment, new developments, marketing and promotion of the county were making a positive difference.

## **COVID-19**

### **International, national and regional impact of COVID-19**

- 17 From mid-March to mid-July, Covid-19 triggered a near total shutdown in international tourism to/from the UK. Forecasting at this time is difficult, given the fast-moving situation and the unique circumstances. Events are moving fast during the COVID-19 pandemic and the outlook can change daily. A new central scenario therefore reflects a snapshot in time based on current understanding and a set of assumptions. Subsequent developments could change the outlook.
- 18 The central scenario forecast for inbound tourism to the UK in 2020, as of August 25<sup>th</sup>, is for a decline of 73% in visits to 11.0 million and a decline of 79% in spending to £6.0 billion. This would represent a loss vs the pre-COVID forecast of 30.7 million visits and £24.0 billion spend.
- 19 This central scenario assumes that a vaccine will not be widely available during 2020. It assumes that the UK will not go back to the April-June situation of national lockdown and near-zero international travel although it is consistent with some local lockdowns being imposed.
- 20 A major short-term uncertainty in inbound tourism prospects is which countries will require quarantine upon arrival. Quarantine exemptions for many countries took effect from 10<sup>th</sup> July; however, since then the requirement has been re-imposed for several countries.
- 21 This is a short-term forecast. The longer-term impact and path to recovery depend, apart from the progression of the pandemic and treatments/vaccines, on wider demand (especially economic) and supply factors.
- 22 VisitBritain also run a domestic impact model for 2020. As with the inbound forecast, this represents a snapshot in time and will be reviewed throughout the year. The forecast makes several assumptions to provide an estimate of impact. Subsequent developments could change the outlook.

- 23 This update considers the re-opening of the hospitality sector in England from July 4th and for Scotland and Wales from mid-July. The forecast modelled each of the four journey purposes for overnight tourism (holidays, business, visiting friends and relatives and miscellaneous journeys), and 17 categories of spending for day trips, separately.
- 24 A forecast central scenario for Britain of £46.8bn in domestic tourism spending in 2020, down 49% compared to 2019 when spending by domestic tourists in Britain was £91.6bn. This comprises £12.6bn from overnight tourism, down from £24.7bn in 2019, and £34.2bn from day trips, down from £67.0bn in 2019.
- 25 This is a decline of 49% for both overnights and leisure day trips, although the pattern of the recovery will be different. While some categories of day trips started to recover first, others will be very limited for some months to come.
- 26 This represents a loss of £44.9bn (£12.1bn from overnights and £32.8bn from day trips) – greater than the loss from inbound tourism in absolute value terms, although lower in percentage terms.
- 27 As with the inbound forecast, this is a short-term forecast that describes one possible outcome and involves many assumptions and simplifications due to the fast-moving and uncertain situation; it is therefore subject to revision. Two specific assumptions made are: (1) No major second wave of the virus that would necessitate a renewed national lockdown; (2) By early 2021 we are unlikely to be back to baseline (pre-COVID) levels in any purpose/category. This is due to economic factors, supply loss, some continued level of social distancing, and traveller sentiment.
- 28 Tourism contributes £5 billion to the economy in the North East LEP area – an increase of 16 per cent since 2014. Nearly 73 million visitors came to the region in 2019, 8 million more than in 2014 and the sector is also a huge employer in the region, with over 63,000 employed before the start of the pandemic.
- 29 This growth of the visitor economy has been achieved by significant public and private sector investment of over £400 million in the last five years. Covid-19 and the impact on the sector not only threatens the viability of the industry but the vibrancy of the region while destroying many families and communities through lost livelihoods and community meeting points and spaces.



- 36 As with the international, national and regional scenarios, this is a short-term forecast that describes one possible outcome and involves many assumptions and simplifications due to the fast-moving and uncertain situation of the pandemic; it is therefore subject to revision.
- 37 Pre-COVID, the county's tourism businesses were healthy, viable businesses. After lockdown our tourism and hospitality businesses worked hard, and invested heavily, to adapt their operations and ensure they were COVID-secure, with 1,700 of the region's businesses signing up to the Government's 'We're Good to Go' accreditation.
- 38 Unfortunately, some of our businesses have not been able to survive the effects of lockdown or subsequent restrictions which have affected their day to day operations, or in some instances meant that they could not trade at all.
- 39 Early victims of the pandemic include visitor accommodation such as Forty Winks Guest House in Durham City, The Cottage, Westgate. The owners of Hallgarth Manor Hotel, Pitlington are in administration and the hotel is for sale along with The George, Piercebridge and The Grand Hotel, Hartlepool, both part of the same group.
- 40 Crook Hall and Gardens is in administration and for sale, Durham City Coaches, Beamish Wild Treetop Adventure, Crafter's Companion and Fury Events are all permanently closed.
- 41 Many of our larger tourism businesses are considering redundancies as part of recovery strategies to ensure the business is viable and can survive in the mid to long term.
- 42 Job losses are growing, and along with the job losses, professionals with skills, knowledge and expertise we cannot afford to lose if the economy is going to bounce back.

### **Visitor economy business support**

- 43 Since early March VCD has focussed on supporting the county's visitor economy businesses through the pandemic; we work with c850 core tourism businesses across the county – accommodation, attractions and activities, plus an additional 500 plus businesses that contribute and are integral to the visitor economy, these include transport, cafes, restaurants, retail and suppliers of services to the tourism industry.
- 44 To support visitor economy businesses and in recognition of the impact of lockdown restrictions VCD waived all membership and marketing fees for the financial year 2020/21.

- 45 In collaboration with partners including County Durham Economic Partnership, Business Durham, DCC teams, North East Tourism Alliance, North East LEP, sector bodies, Visit England/Visit Britain we are developing economic recovery plans to minimise the impacts of COVID-19 on business, the workforce, and the overall economy of County Durham.
- 46 A regular survey has been sent to VCD's business database, so we can monitor the impact of the pandemic. The results from the survey feed into recovery plans and help us to understand the work that needs to take place to support businesses and aid recovery. The first business impact survey was issued at the beginning of March and the latest, Wave 5 survey was circulated to businesses on Friday 9<sup>th</sup> October.
- 47 We have engaged with and supported partners via several channels. A COVID-19 support and guidance hub was established on [visitcountydurham.org](http://visitcountydurham.org), the hub is updated daily with official sources of information including the website of [gov.uk](http://gov.uk), Cabinet Office, the DCMS, VisitEngland/VisitBritain, Durham County Council, and the North East LEP.
- 48 We undertake regular telephone calls to businesses (c300) and issue regular email communications signposting to Government and official sources of support, advice and guidance, funding and grant programmes, industry training and webinars delivered by VCD and/or third-party providers.
- 49 Our weekly e-newsletter the Wednesday Grapevine is sent to over 1,200 contacts and is supported by VCD's B2B social media channels.
- 50 VCD hosts a monthly Strategic Partner meeting, attended by representatives from some of the county's larger businesses to hear directly from the industry on trading conditions, challenges they are facing and future support needs. VCD provides updates on industry recovery plans, latest research and market intelligence, campaign updates.
- 51 Virtual networking and industry support meetings are hosted for the county's smaller businesses. And online forums tailored to specific industry groups such the groups and travel trade markets are convened on an ad hoc basis.
- 52 Visit County Durham continues to work in partnership with transport organisations who represent key points of entry into the North East, or move visitors around the county including the Port of Tyne, Newcastle and Durham Tees Valley Airports, LNER and TransPennine Express, Go NorthEast and Arriva.

- 53 In partnership with Durham County Council External Recovery Group, County Durham Economic Partnership and North East Tourism Alliance members we lobby government for appropriate action and support for the sector.

## Destination development

- 54 A small number of Discover England Fund tourism product development projects have been allocated additional funding of up to £150k to support the adaptation of projects for a domestic market. The delivery timescales are tight and all projects must be complete and ready for market by March 2021.
- 55 Visit County Durham is a partner destination in four projects as follows:
- The Explorers Route (A1) – targeting Germany  
<https://www.visitlondon.com/englandoriginals/>
  - England Originals (15 x heritage cities) – USA  
<https://www.theexplorersroad.co.uk/>
  - Manchester Gateway (excursions from the airport) – USA  
<https://www.visitmanchester.com/things-to-see-and-do/gateway-to-the-north/explore-the-north>
  - Discover England's Coast – targeting Germany and the Netherlands – <https://www.englishcoast.com/en>
- 56 The Northern Saints Trails project was due to launch earlier this year – on St Cuthbert's Day, 20<sup>th</sup> March, but plans were put on hold because of the COVID-19 pandemic.
- 57 Working with regional partners we agreed that July was a good time to soft launch the trails; way-markers are in place along the routes and independent journalists are starting to write about the trails. We also encouraged residents to walk the trails over the summer via our 'Explore from your Door' campaign, encouraging feedback and sharing of experiences on social media.
- 58 This activity will ensure we benefit from national and international consumer interest and will see demand build for 2021. The website was set to live but is still a work in progress as we work with tourism businesses to update content.
- Website: <https://www.northernsaints.com>
  - Lonely Planet (13 million web visits monthly) article published July  
<https://www.lonelyplanet.com/articles/walking-trails-northeast-england>
  - McCabe Travel, route packaging: <https://www.mccabe-travel.co.uk/pilgrimages/the-northern-saints/>

- 59 Activity planned for the designated Year of Pilgrimage 2020 in the county was also put on hold, some of which will delivered in 2021.
- 60 Visit County Durham continues to offer support, advice and guidance to potential investors and developers for the county's tourism product and submits formal responses to tourism planning applications. Tailored support is provided for key capital developments.

## **Marketing**

- 61 Visit County Durham's destination marketing activity is focused primarily on audiences that are external to the county, and in many instances external to North East England. Our approach has been to communicate the county's offer to potential visitors, significant influencers and media with the main aim of encouraging overnight stays in order to increase the volume and the value of the county's visitor economy.
- 62 As a result of the COVID-19 pandemic and subsequent UK lockdown in March, all VCD campaign and marketing activity encouraging visits to the county stopped; the focus switched to generic destination content to maintain a presence on social media and the development of a virtual visit content hub and micro site, encouraging consumers to #LoveDurham from the safety of their home with strong 'now is not the time to visit Durham' messaging.
- 63 The rationale for this approach was to keep the county top of consumers' minds, continue to build relationships and to provide a platform for tourism businesses to promote their activity and messages.
- 64 As government started to ease the lockdown restrictions allowing travel to outdoor spaces to exercise, and the gradual re-opening of some businesses, VCD dropped the use of explicit 'stay away' messaging but refrained from resuming activity that promoted immediate visits.
- 65 Messaging centred on staying safe, encouraging responsible travel, urging people to follow the Countryside Code to Protect, Respect, Enjoy, and to respect local communities when spending time in Durham's outdoor spaces.
- 66 As lockdown eased, residents of the county and neighbouring areas were returning to favourite locations which presented challenges in some of the more well-known county destinations; over-crowding, traffic management, littering, fires and anti-social behaviour are just some of the issues experienced.
- 67 In addition to the immediate need to disperse visitors away from hotspots we also supported tourism businesses that had re-opened by targeting North East residents to discover Durham for day and overnight visits.

- 68 The volume of web traffic to thisisdurham.com from in-region audiences accounted for at least 40% of overall traffic in the weeks during and immediately after lockdown, the top pages viewed were those with outdoor product.
- 69 The increase in web traffic presented an opportunity to showcase the county and its many hidden gems to an in-region audience, building loyalty, raising awareness and positioning the county as a great place to explore. We also anticipated more overnight visits from within the region as the desire to travel is there, but confidence was just starting to return, consumers will want to stay relatively close to home.
- 70 The resident population is seen as key to recovery. Previously things on your doorstep might be overlooked, now they are seen as an exciting opportunity. Increased content on social media from residents exploring the county spreads confidence with a wider audience.
- 71 The hyperlocal campaign was the first stage in a phased approach to the return of destination marketing for Durham, focusing on residents of the county and neighbouring areas.
- 72 VCD reactivated marketing activity via a targeted campaign – ‘Explore from your door’ aimed at a hyperlocal, resident audience, communicating Durham’s hidden gems and lesser known locations.
- 73 Stage two incorporated the wider region, with some national marketing. VCD commissioned two videos showcasing the county’s open spaces set to poetry from Lord Byron and a poem written by a Shotton Colliery based mum, Gemma Peacock. The videos were used in marketing campaigns to promote Durham as ‘Worth the Wait’.
- 74 Despite a significant drop in website traffic due to the pandemic, recent campaign work has attributed to a 5.9% year-on-year web traffic growth, and the highest ever August (following a traffic drop of 69.5% in April), with over 14,000 video views in the first two weeks of the Worth the Wait campaign.
- 75 Due to the pandemic, media/press visits are still on hold, but since March Durham has had a significant amount of print, radio, TV and online press coverage.

## **General update**

- 76 Visit County Durham was awarded Gold in the International Distribution category at the national [VisitEngland Awards for Excellence 2020](#) held on Monday 17th August. The International Distribution Award is a new special category within the VisitEngland Awards for Excellence 2020 that recognises Destination Management Organisations (DMOs) and Discover England Fund (DEF) projects committed to increasing the international distribution of the tourism products within their destination.

- 77 Port of Tyne convened a regional Cruise Tourism Destination meeting in late July, which was attended by North East Tourism Alliance members and representatives from key hotels and visitor attractions. The purpose of the meeting was to discuss a collaborative approach to growing the destination cruise tourism product in the North East, to drive international visits.
- 78 A further meeting will be held at the end of September, and work is underway to encourage joint working between Newcastle Airport and Port of Tyne as key international gateways into the region.
- 79 VCD's MD, Michelle Gorman has been appointed Chair of the North East Tourism Alliance (NETA) and will take forward the programme of work with the North East Cultural Partnership to develop a joint case for culture and tourism.

## **Conclusions**

- 80 Overview and Scrutiny members will be aware of work undertaken by VCD, the various forms of marketing, development and business support undertaken and the performance of VCD in marketing the county as a tourism destination. In addition, members will have detail of the impact of COVID-19 on the tourism sector, the support provided by Government and VCD to the sector during the pandemic and plans for recovery.
- 81 It is intended that the committee will continue to monitor the performance of VCD in marketing and developing the county, the continued support provided by VCD to the sector and progress made in relation to recovery plans with a further progress update included in its work programme for 2021/2022.

## **Background papers**

- STEAM Economic Impact Report 2019

## **Other useful documents**

- None

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Climate Change**

Not applicable

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable

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# Visit County Durham

## Tourism Development & Marketing

### Economy & Enterprise OSC

Michelle Gorman, Managing Director



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# Destination performance

(STEAM Report 2019)



## Economic value

- Economic value £955 million, increase of 1.9% on 2018
- Food and drink, and indirect spend in the supply chain main areas of expenditure

## Jobs

- 9,720 (FTEs) directly employed in tourism
- 2,413 (FTEs) indirectly employed in the visitor economy
- Total – 12,133, up by 1.1% on 2018

Vale of Durham – main visitor product

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# Destination performance

(STEAM Report 2019)



## Our visitors

- 20.13 million people visited in 2019, up by 2.1% on 2018
- 1.61 million overnight visitors in 2019, spend £404 million, increase of 1.5% on 2018
- 18.52 million day visitors in 2019, spend £551 million, increase of 2.2% on 2018
- 92% day visitors, 8% staying visitors
- Average expenditure for overnight visitors is £190.27 per trip
- Average day visitor spend is £22.07 per trip

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# Impact of COVID-19 on the regional visitor economy



- Nearly 73 million visitors came to the region in 2019
- Tourism contributes £5 billion to the North East LEP area economy
- The sector is a significant employer, with over 63,000 (FTE's) employed before the start of the pandemic
- Based on projections using historic STEAM data the current forecast for 2020 is:
  - 56% fall in economic impact from £5 billion to £2.2 billion
  - 48% fall in visitor numbers from 72 million to 38 million
  - 35,900 job losses from 62,800 to 26,900

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# Impact of COVID-19 on County Durham's visitor economy

- 20.13 million visitors annually from domestic and international markets, generating £955 million spend in the local economy, and supporting 12,133 FTE jobs (STEAM 2019)

September 2020 forecast:

- A fall of **43.6%** in visitor numbers from 20.13 million in 2019 to 11.36mn in 2020, **a loss of 8.77 million visitors**
- A drop of **45.5%** in spend in the local economy from £955 million in 2019 to £520.44mn in 2020, **a loss of £434.63 million**
- A **46.1%** fall in the number of jobs (direct and indirect) supported from 12,133 in 2019 to 6,546 in 2020 **a loss of 5,587 jobs.**

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## Support for the sector



- VCD working in partnership with industry partners, County Durham Economic Partnership, Business Durham, DCC teams, North East Tourism Alliance, North East LEP, sector bodies, Visit England/Visit Britain
- Monitoring the impact of COVID-19 on the sector
- Lobbying for industry support
- Regular email communications signposting to:
  - Government and official sources of support, advice and guidance
  - Funding and grant programmes
  - Industry training delivered by partners

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# Support for the sector

- COVID-19 content hub updated daily [visitcountydurham.org](https://visitcountydurham.org)
- Regular telephone calls to businesses (c300)
- Wednesday Grapevine (weekly)
- B2B social media
- Training and support tailored to business needs
- Monthly Strategic Partner meetings
- Virtual networking meetings
- Support for travel trade and group travel
- Appropriate and responsive approach to destination marketing

# Visit County Durham



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**Economy and Enterprise Overview and  
Scrutiny Committee**

**30 October 2020**



**Regeneration and Economic Growth –  
Quarter 1: Forecast of Revenue and  
Capital Outturn 2020/21**

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**Report of Corporate Directors**

**John Hewitt, Corporate Director of Resources**

**Amy Harhoff, Corporate Director Regeneration and Economic  
Growth**

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To provide details of the forecast outturn budget for this service area highlighting major variances in comparison with the budget, based on the position to the end of quarter 1 (30 June 2020).

**Executive summary**

- 2 This report provides an overview of the forecast of outturn 2020/21, based on the position to 30 June 2020. It provides an analysis of the budgets and forecast outturn for the service areas falling under the remit of this Overview and Scrutiny Committee and complements the reports considered and agreed by Cabinet on a quarterly basis.
- 3 The quarter one forecast position is that there will an underspend of £0.617 million this year, against a revised budget of £52.843 million.
- 4 In arriving at the cash limit position, Covid-19 related expenditure of £16.210 million, offset by Covid-19 related savings of £4.213 million within Regeneration have been excluded from the forecasts. Covid-19 related costs are being treated corporately and offset by Government funding so far as is possible, though forecast net costs currently exceed the grant that has been made available.

- 5 The revised service capital budget is £75.078 million in 2020/21 with expenditure to 30 June totalling £11.125 million.
- 6 Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

**Recommendation(s)**

- 7 Economy and Enterprise Overview and Scrutiny Committee is requested to note the contents of this report.

## Background

- 8 County Council approved the Revenue and Capital budgets for 2020/21 at its meeting on 26 February 2020. These budgets have subsequently been revised to account for changes in grant (additions/reductions), budget transfers between service groupings and budget re-profiling between years (in terms of capital). This report covers the financial position for the following budgets of the services within the scope of this committee;
- (a) Revenue Budget - £52.843 million (original £52.770 million)
  - (b) Capital Programme – £75.078 million (original £85.434 million)
- 9 The original service budgets have been revised in year to incorporate a number of budget adjustments as follows:
- Transfer from NCC – CPPMU Team £0.086m
  - Transfer from AHS – Repairs & Maintenance £0.003m
  - Transfer from Contingencies – Apprenticeship Grades £0.007m
  - Transfer to Contingencies - NI Reduction -£0.023m
- 10 The summary financial statements contained in the report cover the financial year 2020/21 and show: -
- (a) The approved annual budget;
  - (b) The actual income and expenditure as recorded in the Council's financial management system;
  - (c) The variance between the annual budget and the forecast outturn;
  - (d) For the revenue budget, adjustments for items outside of the cash limit (outside of the Service's control) to take into account such items as redundancies met from the strategic reserve, capital charges and use of / or contributions to earmarked reserves.

## Forecast Revenue Outturn 2020/21

- 11 The service is reporting a cash limit underspend of **£0.617 million** against a revised budget of **£52.843 million**.
- 12 The following two tables show the budget analysed by subjective category (type of expense), and then by Head of Service area.

## Service Budget – Subjective Analysis £'000

Subjective Analysis	Annual Budget	Forecast Position	Variance	From Earmarked Reserves	Net Covid Adj	Outside the cash limit	Cash Limit Outturn
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	56,789	55,222	(1,567)	(162)	36	3	(1,690)
Premises	16,037	15,505	(532)	0	723	0	192
Transport	1,588	1,447	(141)	0	181	0	40
Supplies & Services	17,100	17,546	447	(668)	1,685	342	1,807
Agency & Contracted	42,696	46,531	3,835	0	1,054	453	5,343
Transfer Payments	0	94	94	0	0	0	94
Central Costs	11,818	12,174	357	0	0	0	357
Capital Financing	8,464	8,464	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>154,491</b>	<b>156,984</b>	<b>2,493</b>	<b>(830)</b>	<b>3,681</b>	<b>798</b>	<b>6,141</b>
<b>Income</b>	<b>(101,648)</b>	<b>(92,198)</b>	<b>9,450</b>	<b>(251)</b>	<b>(15,679)</b>	<b>(279)</b>	<b>(6,758)</b>
<b>NET EXPENDITURE</b>	<b>52,843</b>	<b>64,786</b>	<b>11,943</b>	<b>(1,081)</b>	<b>(11,997)</b>	<b>518</b>	<b>(617)</b>

## Service Budget - Analysis by Head of Service £'000

Head of Service	Annual Budget	Forecast Position	Variance	From Earmarked Reserves	Net Covid Adj	Outside the cash limit	Cash Limit Outturn
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Culture & Sport	22,813	28,656	5,843	350	(5,715)	0	478
Business Durham	15	(318)	(333)	0	(398)	0	(731)
Transport & CS	2,928	5,008	2,079	(200)	(2,280)	518	118
Development & Housing	6,811	8,538	1,728	(190)	(1,541)	0	(3)
Corporate Property & Land	(1,056)	1,616	2,672	(1,041)	(1,965)	0	(334)
REG Central Costs	21,142	20,992	(150)	0	0	0	(150)
Corporate Director	190	294	104	0	(98)	0	6
<b>NET EXPENDITURE</b>	<b>52,843</b>	<b>64,786</b>	<b>11,943</b>	<b>(1,081)</b>	<b>(11,997)</b>	<b>518</b>	<b>(617)</b>

- 13 The council has faced significant additional costs in relation to the Covid-19 outbreak and significant loss of income. In many areas the costs and loss of income for the first quarter are known. The likely impact over the remainder of the year however is much more uncertain. All additional costs and loss of income, net of Covid-19 related underspending, is being treated corporately and is therefore excluded from the cash limit.
- 14 The major areas of forecast Covid-19 additional cost and loss of income in respect of Regeneration are as follows:
- (a) Culture Sport and Tourism – it is forecast that during 2020/21 the service will lose income from leisure centres (£7.510 million) and cultural venues (£1.981 million);
  - (b) Corporate Property and Land – it is forecast that there will be lost income of £2.3 million in Building and Catering Services;
  - (c) Transport and Contracted Services – it is forecast that there will be reduced income from parking services (£1.276 million), enforcement (£0.432 million) and park and ride services (£0.289 million);
  - (d) Development and Housing – Reduced income is forecast from planning and building regulation (£1.4 million) while there are additional costs of bed and breakfast accommodation and shopping for the vulnerable £0.120 million); and
  - (e) Business Durham – There are projected rental losses in respect of Business Space (£0.400 million).
- 15 The major areas of forecast Covid-19 related savings in respect of REG are as follows:
- (a) Savings due to the closure of leisure facilities (£1.820 million) and cultural facilities (£0.554 million) are forecast;
  - (b) Savings from the closure of facilities operated by Corporate Property and Land are expected to be £0.505 million; and
  - (c) Additional savings across the service of £0.210 million from transport and other operational costs are anticipated.

## Cash Limit Outturn – Explanation of Over and Under Spending

- 16 The main reasons accounting for the outturn position are as follows:
- Transport is forecast to be £0.118 million overspent. This is mainly due to overspends in Sustainable Transport (£38,000), Traffic (£55,000) and Care Connect (£42,000), offset by savings on supplies and services in respect of the Head of Transport.
  - Corporate Property and Land is forecast to be £0.334 million underspent, mainly resulting from an underspend of £0.174 million relating to an insurance claim for fire damage at Dale View Caravan Park, unbudgeted rental income in Assets of £97,000 and business rate refunds of £62,000 relating to the previous financial year.
  - Development and Housing is forecast to be underspent by £3,000. This is mainly due to Economic Development forecasting an overspend of £0.132m, offset by a projected underspend in Planning Development of 82,000, and an underspend in Housing Solutions of £90,000. There were also a number of other minor overspends across the service.
  - Business Durham is forecast to be £0.731 million underspent. This is mainly as a result of Business Space which has an underspend of £0.753 million due to the service achieving higher than budgeted income of £0.748 million, including a £0.400 million adjustment for COVID related lost income across industrial estates and other trading areas.
  - Culture, Sport and Tourism is forecast to be overspent by £0.478 million. This is mainly the result of an overspend of £0.796 million relating to the former Leisureworks facilities. These are partially offset by other underspends across the service of approximately £0.318 million. The reduced income levels generated by the Gala Theatre were recognised in MTFP(10), with additional budget growth provided in the current financial year
- 17 Appendix 2 provides a more detailed breakdown of variations across the service area contained within the revenue budget.
- 18 In summary, the service grouping is forecasting to maintain spending within its cash limit.

## Capital Programme

- 19 The capital programme makes a significant contribution to the regeneration ambitions of County Durham. The programme is relatively large and diverse and is managed by project delivery officers throughout the service.
- 20 The capital programme was revised in May for budget re-phased from 2019/20. This increased the 2020/21 original budget, since then further reports to the MOWG detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The revised budget now stands at £75.078 million.
- 21 Summary financial performance to the end of June is shown below.

Service	Revised Annual Budget 2020/21	Actual Spend to 30 June	Remaining Budget 2020/21
	£000	£000	£000
Culture, Sport and Tourism	4,571	142	4,429
Development & Housing	18,544	1,694	16,850
Business Durham	7,635	1,847	5,788
Corporate Property & Land	30,512	3,080	27,432
Transport & Contracted Services	13,816	4,362	9,454
<b>Total</b>	<b>75,078</b>	<b>11,125</b>	<b>63,953</b>

- 22 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 3 months amounts to £11.125 million. Appendix 3 provides a more detailed breakdown of spend across the major projects contained within the capital programme.
- 23 The key areas of spend during the year to date are on Major Transport Schemes (£4.219 million), Office Accommodation (£2.809 million) and Industrial Estates (£1.847 million). Other areas of the programme are profiled to be implemented during the remainder of the year and 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.



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## **Appendix 1: Implications**

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### **Legal Implications**

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the Council in February 2020 in relation to the 2020/21 financial year.

### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position alongside details of balance sheet items such as earmarked reserves held by the service grouping to support its priorities.

### **Consultation**

Not applicable.

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable.

### **Climate Change**

Not applicable.

### **Human Rights**

Not applicable.

### **Crime and Disorder**

Not applicable.

### **Staffing**

Not applicable.

### **Accommodation**

Not applicable.

### **Risk**

The consideration of regular budgetary control reports is a key component of the Councils Corporate and Financial Governance arrangements.

### **Procurement**

The outcome of procurement activity is factored into the financial projections included in the report.

## Appendix 2: Revenue Budget Variances – Quarter 1 2020-21

### Culture Sport and Tourism

Service Area	Variance	Explanation
<b>Culture &amp; Sport Management</b>	817	<b>C&amp;S Management £21k over budget</b> - MTFP Savings to be achieved pending restructure, offset with saving against additional budget given for Gala
		<b>Derwentside £796k over budget</b> - Employees £121k, utilities £185k, £48k across supplies & services and income £431k overspends. Plus some minor overspends across the rest of the service
<b>Service Development</b>	(110)	<b>Place &amp; Experience (£34k) under budget</b> - mainly due to understand in Community Arts and Visual Arts
		<b>Wellbeing (£111k) under budget</b> - due to 2 vacant posts and supplies and services underspends
		<b>Growing &amp; Learning (£32k) under budget</b> - mainly due to vacant posts in Stock & Distribution and saving on utilities at Sevenhills offset with additional Bowes payment in year 1 of the five-year agreement
		<b>Improvement &amp; Development £75k over budget</b> - primarily overspent on leisure contracts including payments to 1Life.
		<b>Externally Funded (£8k) under budget</b> - surplus on the prison library service
<b>Localities</b>	(240)	<b>Locality 1 (£14k) under budget</b> - Mainly Leisure Centre overspend of £39k on staffing, plus £61k overspend in payments to contractors, offset by (£53k) & (£9k) underspends on Premises costs and S&S. Killhope mainly saving of (£70k) staffing due to planned closure and leaver vacancy offset by loss of income of £90k due to planned closure. Bishop Auckland Town Hall net (£74k) saving mainly within Supplies & Services.
		<b>Locality 2 (£31k) under budget</b> - Mainly Leisure Centre underspend of (£28k) on Premises costs, £10k down on income including Competition Line payments and saving of (£8k) in S&S. Less (£9k) net saving on Libraries.
		<b>Locality 3 (£195k) under budget</b> - Mainly made up of (£160k) underspend in Leisure Centre staffing, (£23k) saving on Premises Costs offset by underachievement of income of £46k including Competition Line payments, (£42k) in Libraries made up of (£60k) on Premises Costs and £19k overspend on staffing, (£14k) at Durham Town Hall mainly from savings within Premises Costs.
<b>Visit County Durham</b>	11	<b>VCD 11k</b> primarily overspend against employees and staff travelling

<b>TOTAL</b>	<b>478</b>
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## Business Durham

Service Area	Variance	Explanation
<b>Operations</b>	57	£57k Operations - There is a £40k overspend on employees due to honoraria, which is offset by staff savings in Corporate, and there are overspends in Premises of £1k and Transport of £3k. There is significant Supplies and Agency expenditure with the introduction of the UMI contract for Durham SME Digital Programme and County Durham Growth Fund, which is offset by matching ERDF grant. Other overspends in Supplies of £52k are offset by additional income from DIT KAM contract of (£42k). A £3k COVID adjustment for savings in transport, supplies, etc.
<b>Corporate Costs</b>	37	£37k Corporate - (£70k) savings on Employee vacancies and savings of (£4k) on Transport. Overspend in Premises of £84k due to rates waiver and a £15k overspend on miscellaneous Supplies. Additional Income of (£2k). A £14k COVID adjustment for savings in transport, supplies, etc.
<b>Innovation &amp; Marketing</b>	(72)	(£72k) Innovation & Marketing - (£70k) Employee savings, (£32k) staff travel savings and (£7k) savings on various supplies & services. The employee savings is a post which will be used in Business Space with the upgrade and creation of additional posts. A £37k COVID adjustment for savings in transport, supplies, etc.
<b>Business Space</b>	(753)	<p>£33k Business Space Mgmt &amp; Admin - Employees overspend of £43k offset with the saving in Innovation &amp; Marketing. (£39k) underspend in Premises and other additional savings in Supplies and Transport of (£8k). Reduced Income figure of £37k.</p> <p>(£5k) Business Services - £27k overspend on Supplies offset by (£30k) saving on Employees and additional Income of (£2k).</p> <p>(£91k) Business Space South - Underspend on industrial sites of due to underspend on Premises of (£91k) and under achievement of Income £8k. There is also a small underspend in Supplies of (£3k). Saving on provision for debt-written off of (£5k).</p> <p>(£1k) Business Space Dales - £18k loss of Income, and projected overspend in Premises of £32k. These are offset by underspends in Employees of (£39k) and Premises of (£12k).</p> <p>(£70k) Business Space North - Overspend on Premises of £15k and Supplies of £58k offset by over achieved Income of (£131k). Saving on provision for debt-written off (£12k).</p> <p>(£5k) Business Space Central - An underspend on Employees of (£2k) and Supplies of (£12k). There is a small overspend on Premises of £2k, under achieved Income of £14k, and a saving on the provision for debt written-off of (£7k).</p>

Service Area	Variance	Explanation
		(£222k) Business Space NETPark - Overspends on Premises £149k offset by underspend on Employees (£1k) and Supplies (£17k). There is an over achievement of Income (£292k). An adjustment of (£61k) has also been done for COVID related security and other expenditure incurred at NETPark.
		It should be noted that a 10% fall in rental income totalling £400k has been projected at this stage of the financial year, despite the fact that income and occupancy levels were good in the early months of the year. This is considered prudent in light of the potential impact on deferred and future rent yields as the local economy emerges from the effects of the COVID crisis. This will be reviewed on an on-going basis and reported at the next quarter. An adjustment will be done for (£400k) COVID related lost income and a £9k adjustment for savings in transport, supplies, etc.
<b>TOTAL</b>	<b>(731)</b>	

### Transport and Contracted Services

Service Area	Variance	Explanation
<b>Management</b>	<b>(17)</b>	Savings on Supplies and Services budgets in year (£19k), plus some minor overspends across the service
<b>Strategic Traffic</b>	<b>55</b>	<p><b>Employees - £97k overspend</b> - Staff turnover savings requirement £49k, plus additional costs for Apprentice posts and some re-gradings in Traffic not yet budgeted for.</p> <p><b>Premises - £55k overspend</b> - £73k overspend on rates, offset by (£16k) underspend on Durham Bus Station due to likely closure in year and (£5k) underspend at Park &amp; Ride sites. Plus some other minor overspends across the service.</p> <p><b>Transport - £28k overspend</b> - mainly due to £31k overspend on repairs to bus shelters, and some other minor underspends across the service.</p> <p><b>Supplies and Service - £77k overspend</b> - Additional £35k spend on LCWIPs and £18k on providing consultant cover for a post in Highways Development. £20k overspend in Traffic. Plus some additional overspends across the service.</p> <p><b>Third Party Payments - (£140k) underspend</b> - (£84k) underspend on Park &amp; Ride sites. (£35k) underspend on On &amp; Off Street parking and (£58k) underspend on Durham Bus Station due to likely closure in year. Offsetting overspends of £34k for parking enforcement. Plus some minor overspends across the service.</p> <p><b>Central charges/Capital - (£27k) underspend</b> - due mainly to underspend in relation to recharge for winter maintenance activities on car parks.</p> <p><b>Income - (£35k) over-achievement on income</b> - Mainly due to (£28k) additional income from bus shelter advertising and (£14k) additional income from recharges in Transport Project. Plus some minor under achievements across the rest of the service.</p>

<p><b>Sustainable Transport</b></p>	<p>38</p>	<p><b>Employees - (£124k) underspend</b> - (£122k) underspend due to vacancies in Adult Fleet and some vacant posts in Integrated Transport.</p> <p><b>Transport - (£97k) underspend</b> - due mainly to (£96k) underspend in Adult Fleet due to reduced usage and saving on vehicle excess costs. Plus some minor underspends across the service.</p> <p><b>Supplies &amp; Services - (£98k) underspend</b> - mainly due to (£31k) underspend on printing, (£23k) underspend on telephone costs, (£20k) underspend on Computer related expenditure. An underspend of (£6k) on bus and rail services and a (£8k) underspend in Adult Fleet. Plus other general underspends across the service.</p> <p><b>Third Party Payments - £9k underspend</b> - mainly due to overspend on Bus and Rail contracts and some other minor overspends across service</p> <p><b>Central Support Services - £150k overspend</b> - Due to increased internal recharges around Fleet and Health Booking Services</p> <p><b>Income - £198k under-achievement</b> - Mainly due to £227k variance relating to the recharges for fleet services. An additional (29k) for recharges for health services, plus some over over-achievements of income across the service.</p>
<p><b>Care Connect</b></p>	<p>42</p>	<p><b>Employees - £10k overspend</b> - due mainly to vacant posts not being filled offsetting levels of overtime in the service.</p> <p><b>Premises - £3k overspend</b> - due to electricity charges.</p> <p><b>Transport - £39k overspend</b> - due mainly to increased fleet charges of £30k and £10k on spot hire charges. Plus some minor underspends across the service.</p> <p><b>Supplies &amp; Service - (£28k) underspend</b> - due mainly to underspends across telephones of (£79k) and (£5k) saving on licences being offset by increased costs of equipment of £63k . Plus some other minor underspends across the service.</p> <p><b>Third Party Payments - (£11k) underspend</b> - due to underspend in costs for CCTV.</p> <p><b>Central costs - £6k overspend</b> - due to writing off of bad debts in year.</p> <p><b>Income - £23k under-achievement on income</b> - Due mainly to reduction of SLA income by £126k being offset by additional income of (£84k) across Localities and (£19k) additional income in CCTV.</p>
<p><b>TOTAL</b></p>	<p><b>118</b></p>	

## Development and Housing

Service Area	Variance	Explanation
Head of Dev & Housing	3	£3k small overspend on training.
Planning Development	(82)	<p>£83k Development Management overspend. Saving on Employees and Transport of net (£57k) - historical saving reduced after transfer of vacancies to Business Support. Overspend of £50k on Supplies &amp; Services due to increased consultants, legal and other professional fees and demolition costs. Overspend of £90k on Central Management Recharges for financial support given to Community Safety planning related work. Under achieved fee income of £1m projected due to the COVID crisis has been offset by adjustment below the line of the same amount.</p> <p>(£67k) Business Development Support underspend in Employees and Transport (£15k) &amp; Supplies (£52k) due to savings on advertising.</p> <p>£12k Planning Archiving overspend on third party Agency costs.</p> <p>(£60k) Planning Appeals underspend due to savings in legal and professional fees.</p> <p>(£25k) Planning Software underspend on rental maintenance and software costs.</p> <p>(£117k) Building Control underspend due to savings on Employees (£81k) and Transport (£10k) delays filling vacancies. Saving on Supplies and Agency of (£26k) on equipment, subscriptions, IT costs and advertising. Under achieved income of £382k projected due to the COVID crisis has been offset by adjustment below the line of the same amount.</p> <p>£53k Dangerous Structures overspend re repairs in Premises and condition surveys in Supplies &amp; Services.</p>
		£38k COVID saving adjustment for transport, supplies, etc.
Spatial Policy	18	£18k Spatial Policy overspend due to savings of (£11k) on Employees and (£4k) Transport offset by net overspend of £105k on Supplies and Agency largely on planning inspectors fees, offset by a (£57k) drawdown from reserves to offset the inspection fees. Additional grant Income of (£33k). £18k COVID saving adjustment for transport, supplies, etc.
Economic Development	132	£2k Community Econ Dev. Overspend on Employees of £4k offset by savings in Supplies of (£2k).

Service Area	Variance	Explanation
		<p>£153k Durham Employment &amp; Skills. The overspend is due largely to the cessation of three major contracts and the loss of budgeted income, partially offset by expenditure savings: Work Programme - Consett £95k, Interserve Skills Support £95k, and the Work &amp; Health Programme (Reed) £18k. Organisational Training &amp; Development and Other Training are projecting losses of £92k and £11k respectively through the under achievement of income caused by the COVID crisis, for which an adjustment of (£139k) has been made. DES General (Management &amp; Admin) has an underspend of (£19k) with savings of (£101k) on Employees and Supplies being offset by unrecovered income of £81k. Where work contracts have expired budgets will be re-aligned in year to reflect the service's current workload and income expectations.</p> <p>(£1k) Economic Development. Saving of (£21k) on Employees, (£3k) on Transport costs and (£21k) on Supplies &amp; Services. Contractor payments are expected to overspend £186k, which is offset by increased Income of (£142k).</p> <p>(£43k) Employability. Under budget due to staff savings. Projected use of £78k from Economic Employability Reserve for in-year programmes.</p> <p>2k International Relations. Small overspend due to reduced projection of Income offset by underspend in Supplies (£16k) and Employees (£16k). The reductions of Income and Supplies is in relation to exchange travel.</p> <p>£20k COVID saving adjustment for transport, supplies, etc.</p>
<b>Physical Development</b>	8	<p>£49k overspend on Management &amp; Admin. Underspend of (£148k) on employees for vacancies. Saving of (£10k) on transport for staff travel and car allowances. Overspend on Supplies of £139k due largely to professional fees. Under recovery on income of £48k for SLA and £20k recharge income.</p> <p>(£40k) underspend on Durham City Promotions. Saving of (£40k) on promotions budget in Agency budget. Best Bar None will not be held this year.</p> <p>(£3k) underspend on Community Led Housing due to additional Income of (£3k).</p> <p>(£9k) underspend on Strategic Housing. Underspend of (£3k) in transport for car allowances and (£6k) in miscellaneous Supplies.</p>
		<p>Overspend on Strategic Sites of £12k on Supplies, professional fees, to be financed from earmarked reserve (£12k).</p> <p>£11k COVID saving adjustment for transport, supplies, etc.</p>
<b>Housing Solutions</b>	(90)	<p>£25k Area Based Housing. 32k Overspend on Employees. Supplies &amp; Services underspend of (£7k) due to year end provision not required. £40k overspend in Agency &amp; Contracted Services to offset (£40k) additional income.</p> <p>(£1k) Housing Improvement. Very little activity within this service area, with any Expenditure being offset by Income.</p>

Service Area	Variance	Explanation
		<p>(£3k) Activities. An overspend of £206k in Supplies &amp; Services on Bed &amp; Breakfast, Out of Hours and Prevention costs, offset by (£90k) additional income and adjustment of (£119K) for COVID related extra costs.</p> <p>£43k. Family Intervention Project. Underspend on Employees (£10k) offset by additional Transport costs £3k and reduced Income £50k.</p> <p>(£28k) GRT Sites. Underspend on Employees (£20k) and additional Income from housing benefit payments of (£37k). A projected overspend on Premises of £72k for utilities, largely water charges. Underspend on Supplies &amp; Services of (£43k) on general expenses.</p> <p>(£95k) Housing Initiatives. HSG Income expected to be as previous year providing additional surplus of (£60k). An underspend in Initiatives from Employee vacancies and Supplies of (£44k) which is offsetting expenditure on Project Beta of £7k and Selective Licensing of £2k.</p> <p>(£35k) Core Funded. Employees under budget (£106k) re vacancy and MTFP saving 2021/22. There is an overspend in Supplies due in the main to Conference and Seminar expenditure of £25k the Housing Stock Model of £48k and other small savings of (£2k).</p> <p>£4k COVID saving adjustment for transport, supplies, etc.</p>
<b>Funding &amp; Programmes</b>	2	£2k COVID saving adjustment for transport, supplies, etc.
<b>Strategy &amp; Project Development</b>	6	<p>£43k Strategy &amp; Project Dev overspend due to additional Transport costs £2k and overspend in Supplies £41k due largely to legal costs this year offsetting other supplies savings. Legal costs to be offset by (£43k) drawdown from reserves.</p> <p>£6k COVID saving adjustment for transport, supplies, etc.</p>
<b>TOTAL</b>	<b>(3)</b>	

## Appendix 3: Capital Programme 2020/21

	Revised Annual Budget	Profiled Budget	Actual Spend to 30 June	Remaining Budget
	£000	£000	£000	£000
<b>General Fund</b>				
<b>Development &amp; Housing</b>				
North Dock, Seaham	72	0	0	72
Town Centres	2,877	400	108	2,769
Town & Village Centre	1,653	48	109	1,544
Minor Schemes	168	42	42	126
Disabled Facilities Grant /FAP	4,108	341	690	3,418
Housing Renewal	3,933	177	11	3,922
Housing Development	1,382	163	14	1,368
Chapter Homes	2,500	320	720	1,780
Beamish Capital Project	1,623	0	0	1,623
Strategy & Programmes Minor Schemes	228	0	0	228
	<b>18,544</b>	<b>1,491</b>	<b>1,694</b>	<b>16,850</b>
<b>Business Durham</b>				
Industrial Estates	7,635	1,240	1,847	5,788
	<b>7,635</b>	<b>1,240</b>	<b>1,847</b>	<b>5,788</b>
<b>Corporate Property and Land</b>				
Structural Capitalised Maintenance	4,356	0	271	4,085
Office Accommodation	26,156	4,767	2,809	23,347
	<b>30,512</b>	<b>4,767</b>	<b>3,080</b>	<b>27,432</b>
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	2,335	258	143	2,192
Transport Major Schemes	11,325	5,291	4,219	7,106
T&CS Minor Schemes	156	0	0	156
	<b>13,816</b>	<b>5,549</b>	<b>4,362</b>	<b>9,454</b>
<b>Culture, Sport and Tourism</b>				
AAP Schemes	0	0	0	0
Culture and Museums	2,985	61	142	2,843
Leisure Centres	1,534	0	0	1,534
Library	0	0	0	0
Outdoor Sports and Leisure Facilities	52	0	0	52
	<b>4,571</b>	<b>61</b>	<b>142</b>	<b>4,429</b>
<b>Regeneration &amp; Economic Growth</b>	<b>75,078</b>	<b>13,108</b>	<b>11,125</b>	<b>63,953</b>

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**Economy and Enterprise  
Overview and Scrutiny Committee**

**30 October 2020**

**Quarter One, 2020/21  
Performance Management Report**



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**Report of John Hewitt, Corporate Director of Resources**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 To present progress towards achieving the key outcomes of the council's corporate performance framework.

**The impact of COVID-19**

- 2 A highly infectious virus (SARS-CoV-2) causing respiratory illness (COVID-19) spread rapidly across the world during 2020. This resulted in a global pandemic being declared by the World Health Organisation on 11 March 2020.
- 3 Significant restrictions to normal ways of life, travel and business were introduced by the government to try to contain the spread of the virus, minimise deaths and prevent COVID-19 cases overwhelming our health and social care systems.
- 4 It was necessary for the Council to adapt and we significantly changed our service provision and ways of working. Some services were closed, others changed and began to operate remotely. Gold command arrangements were activated nationwide to respond to the emergency. Locally, this involved the council working in partnership with other agencies on the local resilience forum which covers both County Durham and Darlington to protect our communities and support those affected by the pandemic.
- 5 Although our regular quarterly corporate reporting cycle was suspended, we are now able to resume quarterly performance reporting with this report which combines quarter four, 2019/20 and quarter one, 2020/21.

## Performance Reporting

- 6 This performance report is structured around the three externally focused results-based ambitions of [the County Durham Vision 2035](#) alongside a fourth 'excellent council' theme, and also includes an overview of the impact of COVID-19 on council services, our staff and residents.
- 7 The report will be further developed to reflect the reporting requirements of the Council Plan 2020-2023 (subject to Cabinet approval in September), cultural change resulting from the COVID-19 pandemic, COVID-19 Recovery and Restoration, which is likely to run over the medium term, and the council's new senior management structure (particularly 'Regeneration and Economic Growth' and 'Neighbourhoods and Climate Change').
- 8 These changes will commence from quarter three onwards to align with new corporate planning arrangements and developments in business analytics.

## More and Better Jobs

- 9 The UK economy has experienced a significant shock since the start of the COVID-19 pandemic. GDP has fallen dramatically, with significant falls in output. April 2020 experienced sharper falls than March as the negative impacts of business slow down led to a significant fall in consumer demand, business and factory closures, and supply chain disruptions.
- 10 Across the county, and in-line with the national picture, unemployment has risen (and, if this mirrors the 2008 recession in scale, is projected to double by March 2021, an increase of around 13,000 people<sup>1</sup>) and almost one in three jobs has been furloughed (with 33% of businesses expecting to make redundancies in the next three months). The impact has been greater across the 18-24 age range and for women and older people. There has been an increase of 74% in universal credit claims for people aged 18-24, compared to June 2019.
- 11 The economic impacts of COVID-19 are expected to be severe, wide-ranging and long term. More than half of businesses across Durham indicated (via Business Durham survey in June 2020) that their turnover was impacted by more than 50% and 25% stated they remained closed.
- 12 The leisure, tourism and cultural sector has been particularly hard hit. Although some events moved online, the majority were either cancelled or rescheduled. The Empire and Gala theatres will remain closed until January 2021.

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<sup>1</sup> [Experimental estimates of unemployment across County Durham](#)

- 13 We therefore remain extremely concerned about poverty pressures across the county (pre-COVID data placed us within the top 40% most deprived upper-tier authorities across England).
- 14 To mitigate against these challenges, we are continuing to support employees and businesses through a variety of projects and grants, with a specific focus on addressing inequality across employment for those aged 16-24. We have developed a COVID-19 economic recovery plan and are identifying a pipeline of investment projects which will stimulate the economy. We are also developing employability programmes to support those who have been left with no employment because of the crisis.

### **Connected Communities – Sustainable Communities focus**

- 15 Although there were fewer presentations to our Housing Solutions Service, we are concerned numbers will increase once the government's temporary eviction ban is lifted, mortgage payment holidays end and 'normal service' resumes across the sector. We will be working with both landlords and supporting tenants, as far as possible, to minimise the impact.
- 16 To maintain an essential travel network, we have provided financial support to our local bus companies, which are currently operating to approximately 10% of normal service. As lockdown measures are relaxed, the volume and frequency of services will increase.

### **Risk Management**

- 17 Effective risk management is a vital component of the council's agenda. The council's risk management process sits alongside our change programme and is incorporated into all significant change and improvement projects. The key risk to successfully delivering this ambition is: -
- 18 *Failure to respond to and recover from the COVID-19 pandemic, leading to delayed economic recovery and adverse impacts on the safety and welfare of the wider community.* Management consider it is possible that this risk could occur and have a critical impact on the economy within County Durham. A COVID-19 Recovery Plan is being developed to help support businesses being released from lockdown, manage the transition to stabilisation and then to rebuild and grow our places, services and industries. A pipeline of projects is also being developed to deliver investment plans to help stimulate the economy. Employability support programmes are also being developed to help those who have lost their jobs as a result of the pandemic, back into employment.

## **Recommendation**

- 19 That Economy and Enterprise Overview and Scrutiny Committee considers the overall position and direction of travel in relation to quarter one performance, the impact of COVID-19 on performance, and the actions being taken to address areas of underperformance including the significant economic and well-being challenges because of the pandemic.

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable.

### **Finance**

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

### **Consultation**

Not applicable.

### **Equality and Diversity / Public Sector Equality Duty**

Equality measures are monitored as part of the performance monitoring process.

### **Climate Change**

We have declared a climate change emergency and consider the implications of climate change in our reports and decision-making.

### **Human Rights**

Not applicable.

### **Crime and Disorder**

A number of performance indicators and key actions relating to crime and disorder are continually monitored in partnership with Durham Constabulary.

### **Staffing**

Performance against a number of relevant corporate health indicators has been included to monitor staffing issues.

### **Accommodation**

Not applicable.

### **Risk**

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

### **Procurement**

Not applicable.

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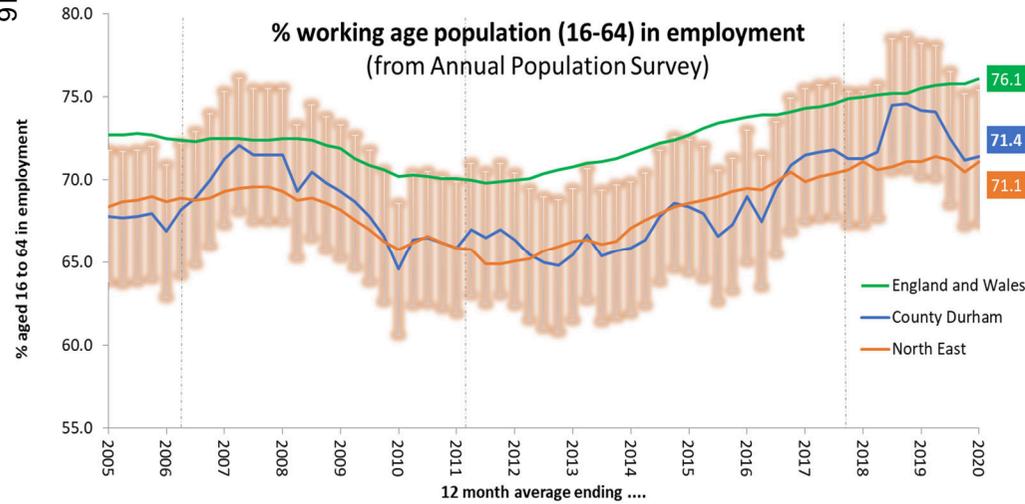


# Durham County Council Performance Management Report

## Quarter One, 2020/21



**3) Do residents have good job prospects?**



**Employment impact of COVID-19** (Apr-Jun 2020)

	County Durham	National
Jobs furloughed	29.8*	29.7*
Businesses utilising the furlough/ job retention scheme	50**	75***
Self-employed claiming on income support scheme	71***	71***

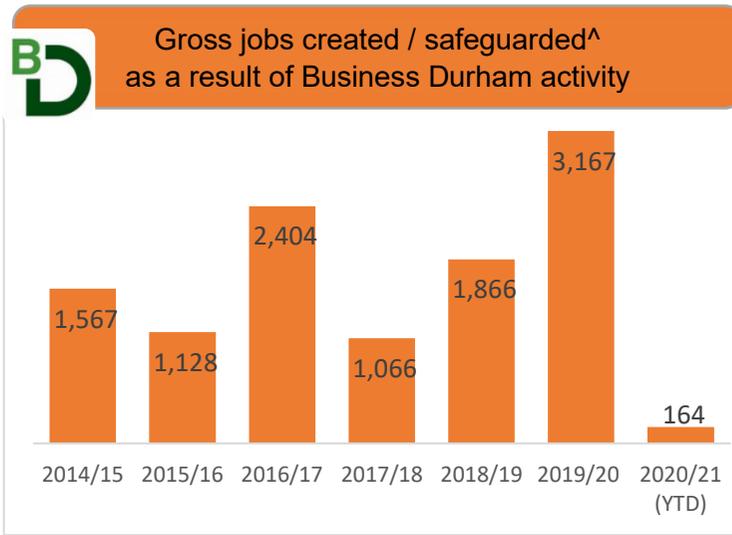
\* ONS  
 \*\* Business Durham Survey (Jun-20: 180 responses^^)  
 \*\*\* ONS business Impact of COVID-19 Survey

^^as a large proportion of respondents were micro-businesses employing fewer than five people, the results should not be considered as representative of the wider County Durham business population.

**Key employment rate stats %:**  
(Apr 19-Mar 20)

	County Durham	National
Male	73.9	80.0
Female	69	72.2
Private sector	73.4	78.9
Part-time	24.2	24.6
Without a disability	80.5	81.7
<a href="#">with Equality Act core or work limiting disability</a>	40.6	56.2
Age 16-24	46.8	53.9

additional employment rate information available via [Durham Insight](#) and [Index of Deprivation in County Durham](#)



<sup>^</sup> job safeguarded: must be a permanent, paid, full time equivalent (FTE) job which is at risk

**Employability Programmes**  
(Apr 19-Mar 20)

1,519 registrations
309 progressed into employment
14 progressed into education or training

## More and Better Jobs

- 1 The ambition of More and Better Jobs is linked to the following key questions:
  - (a) Do residents have good job prospects?
  - (b) Is County Durham a good place to do business?
  - (c) How well do tourism and cultural events contribute to our local economy?

### Do residents have good job prospects?

- 2 The employment rate data for March 2020 dropped, although is in line with regional data. As there is a data lag in this information, and a need to understand the impact of COVID-19, a June 2020 experimental estimate using Labour Force Survey employment data has been produced. As this data is only regional, the percentage change in the rate for the North East was applied to the latest data for County Durham. The estimated 'experimental' employment rate for County Durham is 70.9% for June 2020), this is below both regional and national rates but does not yet show a significant COVID-19 effect due to the support provided by the furlough and income support schemes.
- 3 HM Revenue and Customs data show that around 64,000 jobs in County Durham (29.8%) were 'furloughed' under the government's Job Retention Scheme. This is in line with both regional (29.6%) and England (29.7%) rates.
- 4 Throughout quarter one, Business Durham carried out two surveys which assessed how many businesses had utilised the Job Retention Scheme. The first survey in April (based on 279 responses) indicated 52% of businesses had accessed the job furlough scheme, the second in June (based on 180 responses) indicated 50%. However, as a large proportion of respondents were micro-businesses employing fewer than five people, the results should not be considered as representative of the wider County Durham business population.
- 5 In addition, around 14,000 self-employed people have made claims from the Self Employment Income Support Scheme, representing 71% of those who are potentially eligible for the scheme.
- 6 There is concern over the current and potential impact on jobs once these schemes come to an end. The British Chambers of Commerce coronavirus impact tracker (as at 22 July 2020) shows that, nationally, 13% of respondents have made redundancies since the start of the crisis and 33% are intending to make redundancies over the next three months. Similarly, although manufacturing businesses within County Durham remained reasonably

resilient in the early stages, and several manufacturers have seen new market opportunities, some are now stating their intention to make redundancies.

- 7 We have undertaken work to estimate what the potential impact might be on the levels of unemployment in County Durham. Using the rate of increase in unemployment following the 2008 recession, if similar increases are seen, estimates suggest that employment could rise to around 27,000 by March 2021 from around 14,000 (December 2019).
- 8 Working with the National Careers Service and the Department for Work and Pensions, we have launched County Durham Jobs Fuse to support employers and help individuals whose jobs have been affected as a result of COVID-19. Additional resource is available to provide triage to those who have lost their jobs, been furloughed and in fear of job loss.

### **Is County Durham a good place to do business?**

- 9 The economic impacts of COVID-19 are expected to be severe, wide-ranging and long term. The latest results of the ONS Business Impact of COVID-19 Survey (survey reference period of 29 June to 12 July) shows that almost 7% of industries have temporarily closed or paused trading and of those continuing to trade almost 15% reported that turnover had decreased by more than 50%.
- 10 Of the businesses who responded to the second Business Durham survey in June 2020: 51% indicated that the impact of COVID-19 on revenue has been greater than 50%; 25% stated that their business was still closed and 12% stated it was closed, but they intended to re-open in July.
- 11 As part of its response, the government launched several financial support measures for businesses. 73% of businesses in County Durham responded that they had been able to access a local authority grant, either small business grant, retail, hospitality and leisure grant or a discretionary grant.
- 12 Take-up levels of the government loan schemes were low amongst those responding, with only 22% having accessed a Bounce Back loan and less than 1% reporting they had accessed the coronavirus business interruption loan scheme (CBILS), however these take-up rates are likely to reflect the high level of responses to the survey from smaller businesses employing fewer than five people.
- 13 The impact of COVID-19 has varied across different business sectors, many manufacturing and engineering businesses which account for a significant proportion of our GVA have had to furlough staff and operate at a reduced

capacity; similarly, in the construction sector, work either ceased temporarily or continued at a slower pace. However, anecdotal evidence from businesses in the IT/digital and business and professional services sectors indicates they have not been hit as hard as other sectors, with operations continuing effectively from home and some productivity gains and innovation being experienced. The contact centre sector has largely managed to maintain operations by deploying home working for large numbers of staff.

- 14 There has been some business diversification and expansion leading to job creation in response to the pandemic:
  - (a) Bishop Auckland-based carton manufacturer JSB Enterprises, diversified into PPE production by adapting a number of its cardboard cutting machines to create protective visors, which has enabled the business to safeguard six jobs including those of two staff members recruited through the council's Employability Durham scheme.
  - (b) A Seaham-based company that is a sub-contractor to Serco has won a contract under the national test and trace programme, creating 170 new jobs over a 12-week period.
  - (c) Technimark in Middleton-in-Teesdale is producing filters for ventilators as part of the COVID-19 response. The council's planning team has provided advice to enable the company to maximise its space and consider options to increase manufacturing capacity on-site.
- 15 Business Durham's properties, including its business centres, NETPark and other industrial property remained open throughout the lockdown for those tenants that required access to continue their business operations, and to accommodate requests for additional space from some businesses.
- 16 In relation to the re-opening of town centres across the county, we co-ordinated plans to ensure all necessary measures were in place including changes to roads and footpaths; leaflets were delivered to town centre premises with guidance and support for opening safely and webinars to support the retail sector to help them embrace online selling and find new ways to market their product or service.
- 17 The Durham Ambitious Business Starts (DABS) ERDF project, was launched in June 2020, to support an anticipated increase in people looking to start a business in the county, linked to the likely rise in redundancies. The programme includes several innovative approaches to supporting ambitious start-up businesses and newly established businesses in their first 12 months of trading.

- 18 Business Durham and the economic development team have provided support and advice to approximately 400 businesses in relation to COVID-19.
- 19 We helped local businesses by introducing immediate supplier payments and rent deferrals for our commercial tenants. We distributed grant payments, totalling £100 million, to around 9,000 businesses. Having paid 95% of business grants by the fifth week, we were commended as being one of fastest acting local authorities in the country. We also distributed business rate reductions, totalling more than £49 million, to just under 2,300 businesses. An extra £5 million for small businesses not liable for business rates, introduced in June, benefitted around 300 businesses in the first month. We also agreed 10 percent funding increases for social care providers to help meet the additional costs of dealing with the pandemic and paid £13 million upfront to help with funding and cashflow issues.

### **How well do tourism and cultural events contribute to our local economy?**

- 20 During the lockdown, there were some innovative initiatives to encourage cultural activities including online exhibition content to replace the planned physical exhibition for VE Day 75<sup>th</sup> Anniversary, there were 3,000 online visits during May alone. An online pilot of archive education resources and online workshops were developed in partnership with schools and the Humanities Network with activities for children in school in July. Remote volunteering opportunities were developed for the Durham History Centre NHLF project while lockdown restrictions were in place, including for students who had been due to undertake work experience over the summer holidays.
- 21 The visitor economy has been significantly affected. The latest results from the ONS Business Impact of COVID-19 Survey (survey reference period of 29 June to 12 July) show that accommodation and food service and the arts, entertainment and recreation industries were more severely affected due to the temporary cessation of trading.
- 22 A Visit County Durham survey in May 2020 showed local impacts: 78% of respondents stated that income had been reduced by more than 50% and 34% did not know when they would re-open. The main concerns when considering re-opening were lack of demand, social distancing requirements, stringent cleaning measures and cashflow.
- 23 With an estimated 30% of accommodation providers open during July and with others opening by the end of 2020, it is estimated that there would be a potential drop of 7.4 million (37.5%) in visitor numbers compared to 2018 and a drop of £399 million in spend in the local economy.

- 24 Festivals and events have been cancelled since the end of March, however where possible, we are looking at alternative dates. For example, we are working with British Cycling and other stakeholders to identify suitable alternatives dates for the Tour Series and Durham City Run Festival has been rescheduled for 8-11 October.
- 25 Alternative formats are also being utilised, Durham BRASS moved to Online Durham BRASS in July and Durham Book Festival will move online, a digital programme is currently being developed.

**b) Is County Durham a good place to do business, and (c) How well do tourism and cultural events contribute to our local economy?**

Page 122

Apr-Jun 2020	<b>Business Durham Activity</b>	compared last year
<b>3</b>	inward investments secured	↔ 3
<b>410</b>	businesses engaged	↑ 198
<b>131</b>	businesses received intensive support	↑ 28
<b>92%</b>	floor space occupied	↑ 5.9pp
<b>£8.2</b>	GVA from jobs created/safeguarded (million)	↓ £12.6

**2**  
businesses supported as a result of targeted business improvement schemes  
(Apr-Jun 2020)

**28**  
new businesses supported through advice, grant support and access to training  
(Apr-Jun 2020)



**COVID-19 Impact Survey\***

(Visit County Durham)

78% responded

50% income affected

34% did not know when they would re-open

\*from 13 May to 31 May (79 responses)

**change in visitor numbers compared to 2018**

(based on estimate for 2020)

↓ 37.5% (7.4m) in visitors

↓ 42.7% (£399m) in spend

based on 30% accommodation providers re-opening in July

additional information on businesses is available via [Durham Insight](#)

## Connected Communities - Sustainability

26 The ambition of Connected Communities – Sustainability is linked to the following key questions:

- (a) Do residents have access to decent and affordable housing?
- (b) Is it easy to travel around the county?

### **Do residents have access to decent and affordable housing?**

- 27 The number of net homes completed this quarter is significantly lower (77%, 330 homes) than last quarter and the average completions per quarter, which is usually between 300-450 units. It is also down by 75% (300) compared to same period last year. This is due to the impact of COVID-19, resulting in sites temporarily closing and also building surveyors, who sign off the completions, not being able to visit sites for a period of time. It is expected that the numbers will increase over the next couple of months as sites resume.
- 28 Although presentations to our Housing Solutions Service were down by 17%, we expect numbers to increase once the government's eviction ban is lifted, mortgage payment holidays end and 'normal service' resumes across the sector.
- 29 Of the 177 households where homelessness was prevented and they were able to stay in their homes (39% more than quarter four), 77% were Discretionary Housing Payments cases. This could be attributed to Durham County Council encouraging households to contact the service when in financial difficulty due to the impacts of COVID-19.
- 30 Our newly established Rough Sleeper Outreach Team placed 36 rough sleepers in temporary accommodation during the first 48 hours of lockdown ('Everybody In' campaign). Most moved into B&Bs, others to supported accommodation and private rented tenancy.
- 31 This campaign incorporates the 'Ready to Let' scheme which provides move on accommodation for rough sleepers. 27 clients were matched to new homes with a further 35 properties identified and available.
- 32 In response to the eviction ban being lifted and the expectation of more homelessness and households in financial difficulty, we have developed a new 'StopB4UServe' initiative. Launching in August with dedicated staff, a helpline and dedicated webpage, we will work with landlords and tenants to mediate a possible solution.

## **Is it easy to travel around the county?**

- 33 Due to COVID-19, our Park and Ride Service was closed during quarter one. The service partially re-opened on 29 June, with services resuming from Belmont and Sniperley. Howlands remains a Park and Stride site, operating solely as a car park.
- 34 During quarter one, local bus companies were operating between 30% and 40% of their buses as COVID-19 caused a fall in patronage to approximately 10% of normal service and reduced availability of bus drivers. To maintain an essential network, we have provided financial support to operators through the English National Concessionary Travel Scheme. As lockdown measures are relaxed Arriva and Go North East are increasing the volume and frequencies of their services to cater for increased demand, with the first of these changes introduced on 1 June 2020.
- 35 Latest data from the 2019 Transport Annual Bus Passenger Survey shows a small increase in overall satisfaction. However, satisfaction with punctuality and journey time stayed relative static, and satisfaction in relation to value for money decreased.

# CONNECTED COMMUNITIES – SUSTAINABILITY

(a) Do residents have access to decent and affordable housing and (b) is it easy to travel around the county?

## Housing advice and support

(Apr–Jun 20, compared to same period last year)

<b>236</b>	properties improved, adapted or brought back into use	↓ 57%
<b>2,793</b>	households accessed Housing Solutions	↓ 7%
<b>325</b>	households helped to stay in their homes	↓ 16%
<b>207</b>	households helped to move to alternative accommodation	↓ 17%

**Bus passenger Survey**  
(2019 Annual)

**92% satisfied**  
↑ 1pp from 2018

**No. of households supported under HRA**

**214** prevention

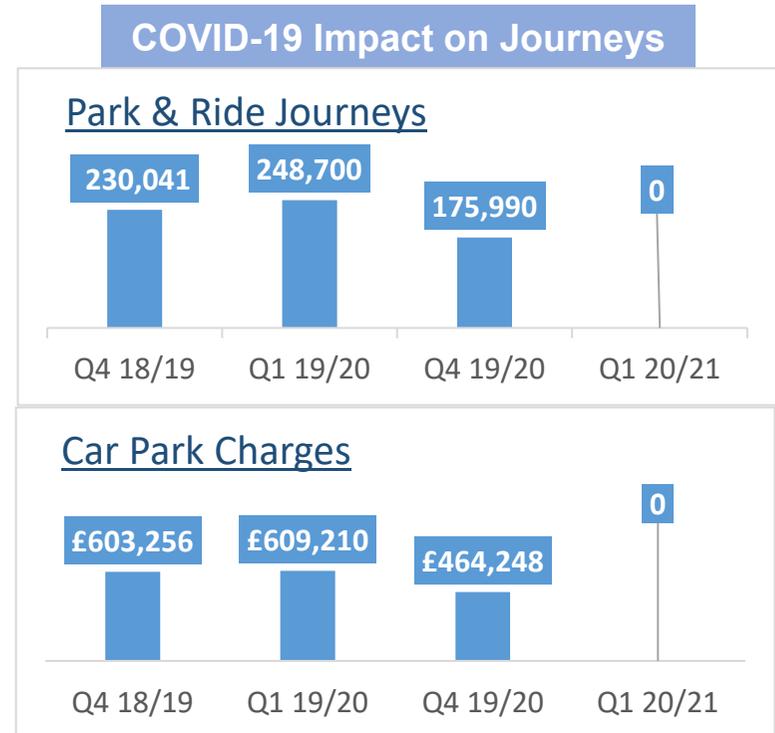
**Average of 16 days spent temporary accommodation**  
(Apr-Jun 20)

**170** relief (within 56 days)

**8** main duty to secure accommodation

**114 'new' households placed temporary accommodation**  
(Apr-Jun 20)

For additional housing information, visit the [Durham Insight, Housing factsheet](#)



## Key Performance Indicators – Data Tables (Quarter One 2020/21)

Page 12

There are two types of performance indicators throughout this document:

- (a) Key target indicators – targets are set as improvements can be measured regularly and can be actively influenced by the council and its partners; and
- (b) Key tracker indicators – performance is tracked but no targets are set as they are long-term and/or can only be partially influenced by the council and its partners.

A guide is available which provides full details of indicator definitions and data sources for the 2019/20 corporate indicator set. This is available to view either internally from the intranet or can be requested from the Strategy Team at [performance@durham.gov.uk](mailto:performance@durham.gov.uk)

### KEY TO SYMBOLS

	Direction of travel	Benchmarking	Performance against target
<b>GREEN</b>	Same or better than comparable period	Same or better than comparable group	Meeting or exceeding target
<b>AMBER</b>	Worse than comparable period (within 2% tolerance)	Worse than comparable group (within 2% tolerance)	Performance within 2% of target
<b>RED</b>	Worse than comparable period (greater than 2%)	Worse than comparable group (greater than 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.

More detail is available from the Strategy Team at [performance@durham.gov.uk](mailto:performance@durham.gov.uk)

## MORE AND BETTER JOBS

### Do residents have good job prospects?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
1	% of working age population in employment	71.4	2019/20	73 AMBER	74.2 RED	76.1 RED	71.1 GREEN	78.0 RED		Yes
2	Per capita household disposable income (£)	16,542	2018	Tracker N/a	15,875 GREEN	21,609 RED	16,995 RED			Yes
3	Number of gross jobs created or safeguarded as a result of Business Durham activity	280	Apr-Jun 2020	Tracker N/a	2,429 RED					Yes
4	% of 16 to 17 year olds in an apprenticeship	6.8	as at Jun 2020	Tracker N/a	7.8 RED	5.1 GREEN	6.9 AMBER	6.9 AMBER		Yes

## MORE AND BETTER JOBS

### Is County Durham a good place to do business?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
5	Gross Value Added (GVA) per capita in County Durham (£)	16,718	2017	Tracker N/a	16,513 GREEN	27,430 RED	20,121 RED			No
6	Number of registered businesses in County Durham	17,180	Mar 2020	Tracker N/a	17,120 GREEN					No
Page 7 127	Value (£M) of new contracts secured	7.08	Apr-Jun 2020	Tracker N/a	New indicator N/a					Yes

## MORE AND BETTER JOBS

### County Durham a good place to do business?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
8	Value (£M) of GVA growth from jobs created	8.2	Apr-Jun 2020	6 GREEN	12.6 RED					Yes
9	Number of Inward Investments secured	3	Jan-Mar 2020	6 GREEN	3 GREEN					Yes
10	% of Business Durham business floor space that is occupied	92.0	Apr-Jun 2020	Tracker N/a	86.1 GREEN					Yes

## MORE AND BETTER JOBS

### How well do tourism and cultural events contribute to our local economy?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
11	Number of visitors to County Durham (million)	19.71	2018	Tracker N/a	19.71 GREEN					No
12	Number of jobs supported by the visitor economy	11,998	2018	Tracker N/a	11,682 GREEN					No
13	Amount (£ million) generated by the visitor economy	913.84	2017	Tracker N/a	866.71 GREEN					No

## CONNECTED COMMUNITIES – SUSTAINABILITY

### Do residents have access to decent and affordable housing?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
103	Number of properties improved, adapted or brought back into use	236	Apr-Jun 2020	Tracker	546					Yes
				N/a	RED					
104	Number of empty properties brought back into use as a result of local authority intervention	59	Apr-Jun 2020	50	73					Yes
				GREEN	RED					
105	Number of net homes completed	101	Apr-Jun 2020	Tracker	401					Yes
				N/a	RED					
106	Number of affordable homes delivered	532	2018/19	200	473					No
				GREEN	N/a					
107	Number of households accessing the Housing Solutions Service	2,793	Apr-Jun 2020	Tracker	3,019					Yes
				N/a	RED					
108	Number of households helped to stay in their home	325	Apr-Jun 2020	Tracker	260					Yes
				N/a	GREEN					
109	Number of households helped to move to alternative accommodation	207	Apr-Jun 2020	Tracker	249					Yes
				N/a	RED					

## CONNECTED COMMUNITIES – SUSTAINABILITY

### Page 130 How easy is it to travel around the county?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
110	% of A roads where maintenance is recommended	2.6	2018	Tracker	2.6	3	2	3	2018	No
				N/a	GREEN	GREEN	GREEN	AMBER		
111	% of B and C roads where maintenance is recommended	4.7	2018	Tracker	4.7	6	3	4	2018	No
				N/a	GREEN	GREEN	AMBER	AMBER		
112	% of unclassified roads where maintenance is recommended	21	2018	Tracker	20	17	16	18	2018	No
				N/a	AMBER	RED	RED	RED		
113	Highways maintenance backlog (£millions)	179.7	2018	Tracker	187.6					No
				N/a	GREEN					
114	Bridge Stock Condition – Principal Roads*	80.7	2018	Tracker	80.0					No
				N/a	GREEN					
115	Bridge Stock Condition – Non-Principal Roads*	79.9	2018	Tracker	81.0					No
				N/a	AMBER					

\* Bridge Stock Condition (>=90 very good condition / >=80 good condition / >=65 fair condition / >=40 poor condition / <40 very poor condition)

## Other Additional Relevant Indicators

### MORE AND BETTER JOBS

#### Do our young people have access to good quality education and training?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
15	Average point score per A level entry of state-funded school students	35.5	2018/19 (academic year)	Tracker	33.4	33.1	33.3		2017/18 (academic year)	No
				N/a	GREEN	GREEN	GREEN			
17	% of 16 to 17 year olds who are not in education, employment or training (NEET)	4.8	Apr-June 2020	Tracker	5.3	3.1	4.7	7.4	2019	Yes
				N/a	GREEN	RED	RED	GREEN		

### CONNECTED COMMUNITIES - SAFER

#### Are we being a good corporate parent to Children Looked After?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
73	% of care leavers aged 17-18 in education, employment or training (EET)	78*	as at Jul 2020	Tracker	N/a	64	63	63	2018/19	Yes
				N/a	N/a	GREEN	GREEN	GREEN		
74	% of care leavers aged 19-21 in education, employment or training (EET)	60*	as at Jul 2020	Tracker	N/a	52	50	52	2018/19	Yes
				N/a	N/a	GREEN	GREEN	GREEN		

## Key Performance Indicators – Data Tables (Quarter Four 2019/20)

Page 133

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## MORE AND BETTER JOBS

### Do residents have good job prospects?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
1	% of working age population in employment	71.2	2019	73 AMBER	74.6 RED	75.8 RED	70.5 GREEN	78.0 RED		Yes
2	Per capita household disposable income (£)	15,445	2017	Tracker N/a	15,166 GREEN	19,988 RED	15,809 RED			No
3	Number of gross jobs created or safeguarded as a result of Business Durham activity	4,108	2019/20	Tracker N/a	3,866 GREEN					Yes
4	% of 16 to 17 year olds in an apprenticeship	6.8	as at March 2020	Tracker N/a	7.9 RED	5.1 GREEN	6.8 GREEN	6.9 Amber		Yes

## MORE AND BETTER JOBS

### Is County Durham a good place to do business?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
5	Gross Value Added (GVA) per capita in County Durham (£)	16,718	2017	Tracker N/a	16,513 GREEN	27,430 RED	20,121 RED			No
6	Number of registered businesses in County Durham	17,150	2019	Tracker N/a	17,120 GREEN					No
Page 7 133	Value (£M) of new contracts secured	0.91	2019/20	Tracker N/a	8.1 N/a					Yes

## MORE AND BETTER JOBS

### County Durham a good place to do business?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
8	Value (£M) of GVA growth from jobs created	120.6	2019/20	44	113.5					Yes
				GREEN	GREEN					
9	Number of Inward Investments secured	8	2019/20	Tracker	6					Yes
				N/a	GREEN					
10	% of Business Durham business floor space that is occupied	86.4	Jan-Mar 2020	Tracker	84.0					Yes
				N/a	GREEN					

## MORE AND BETTER JOBS

### How well do tourism and cultural events contribute to our local economy?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
11	Number of visitors to County Durham (million)	19.71	2018	Tracker	19.71					No
				N/a	GREEN					
12	Number of jobs supported by the visitor economy	11,998	2018	Tracker	11,682					No
				N/a	GREEN					
13	Amount (£ million) generated by the visitor economy	913.84	2017	Tracker	866.71					No
				N/a	GREEN					

## CONNECTED COMMUNITIES – SUSTAINABILITY

### Do residents have access to decent and affordable housing?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
103	Number of properties improved, adapted or brought back into use	2,046	2019/20	Tracker	1,914					Yes
				N/a	GREEN					
104	Number of empty properties brought back into use as a result of local authority intervention	212	2019/20	150	186					Yes
				GREEN	GREEN					
105	Number of net homes completed	1,642	2019/20	Tracker	1,465					Yes
				N/a	GREEN					
106	Number of affordable homes delivered	532	2018/19	200	473					No
				GREEN	N/a					
107	Number of households accessing the Housing Solutions Service	13,118	2019/20	Tracker	12,264					Yes
				N/a	GREEN					
108	Number of households helped to stay in their home	1,388	2019/20	Tracker	1,007					Yes
				N/a	GREEN					
109	Number of households helped to move to alternative accommodation	1,090	2019/20	Tracker	1,036					Yes
				N/a	GREEN					

## CONNECTED COMMUNITIES – SUSTAINABILITY

### Page 136 Is it easy to travel around the county?

Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
110	% of A roads where maintenance is recommended	2.6	2018	Tracker	2.6	3	2	3	2018	No
				N/a	GREEN	GREEN	GREEN	AMBER		
111	% of B and C roads where maintenance is recommended	4.7	2018	Tracker	4.7	6	3	4	2018	No
				N/a	GREEN	GREEN	AMBER	AMBER		
112	% of unclassified roads where maintenance is recommended	21	2018	Tracker	20	17	16	18	2018	No
				N/a	AMBER	RED	RED	RED		
113	Highways maintenance backlog (£millions)	179.7	2018	Tracker	187.6					No
				N/a	GREEN					
114	Bridge Stock Condition – Principal Roads*	80.7	2018	Tracker	80.0					No
				N/a	GREEN					
115	Bridge Stock Condition – Non-Principal Roads*	79.9	2018	Tracker	81.0					No
				N/a	AMBER					

\* Bridge Stock Condition (>=90 very good condition / >=80 good condition / >=65 fair condition / >=40 poor condition / <40 very poor condition)

## Other Additional Relevant Indicators

<b>MORE AND BETTER JOBS</b>										
<b>Do our young people have access to good quality education and training?</b>										
Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
15	Average point score per A level entry of state-funded school students	35.5	2018/19 (academic year)	Tracker	33.4	33.1	33.3		2017/18 (academic year)	No
				N/a	GREEN	GREEN	GREEN			
17	% of 16 to 17 year olds who are not in education, employment or training (NEET)	4.1	Apr-Mar 2020	Tracker	4.7	2.8	4.2	7.4	2019	Yes
				N/a	GREEN	RED	GREEN	GREEN		

<b>CONNECTED COMMUNITIES – SAFER</b>										
<b>Are we being a good corporate parent to Children Looked After?</b>										
Ref	Description	Latest data	Period covered	Comparison to						Data updated this quarter
				Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	
73	% of care leavers aged 17-18 in education, employment or training (EET)	68	Mar 2020	Tracker	61	64	63	63	2018/19	Yes
				N/a	GREEN	GREEN	GREEN	GREEN		
74	% of care leavers aged 19-21 in education, employment or training (EET)	54	Mar 2020	Tracker	51	52	50	52	2018/19	Yes
				N/a	GREEN	GREEN	GREEN	GREEN		

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