



Cabinet

Date Wednesday 15 December 2021
Time 9.30 am
Venue Council Chamber, County Hall, Durham

Business

Part A

Items which are open to the public and press

1. Public Questions
2. Minutes of the meeting held on 17 November 2021 (Pages 3 - 8)
3. Declarations of Interest

Key Decision:

4. Medium Term Financial Plan(12) 2022/23 - 2025/26 - Report of Corporate Director of Resources [**Key Decision: CORP/R/21/02**] (Pages 9 - 24)

Ordinary Decisions:

5. Quarter Two, 2021/22 Performance Management Report - Report of Corporate Director of Resources (Pages 25 - 100)
6. Poverty Issues - Report of Corporate Director of Resources (Pages 101 - 126)
7. Mainstream Primary and Secondary Formula Funding 2022/23 - Joint Report of Corporate Director of Children and Young People's Service and Corporate Director of Resources (Pages 127 - 156)
8. Council Homes Programme Update - Report of Corporate Director of Regeneration, Economy and Growth (Pages 157 - 208)
9. County Durham Inclusive Economic Strategy - Report of Corporate Director of Regeneration, Economy and Growth (Pages 209 - 284)
10. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration.

11. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

Key Decision:

12. Bishop Auckland Economic Growth Asset Strategy - Report of Corporate Director of Regeneration, Economy and Growth
[Key Decision: REG/06/21] (Pages 285 - 398)
13. 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
7 December 2021

To: **The Members of the Cabinet**

Councillors A Hopgood and R Bell (Leader and Deputy Leader of the Council) together with Councillors T Henderson, S McDonnell, J Rowlandson, E Scott, P Sexton, A Shield, J Shuttleworth and M Wilkes

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DURHAM COUNTY COUNCIL

CABINET

At a Meeting of **Cabinet** held in the **Council Chamber, County Hall, Durham** on **Wednesday 17 November 2021** at **9.30 am**

Present:

Councillor A Hopgood (Leader of the Council) in the Chair

Cabinet Members:

Councillors R Bell, T Henderson, S McDonnell, P Sexton, E Scott, A Shield, J Shuttleworth and M Wilkes

Apologies:

Apologies for absence were received from Councillor J Rowlandson

Also Present:

Councillors A Batey, R Crute, S Deinali, O Gunn and C Marshall

1 Public Questions

There were no public questions.

2 Minutes

The minutes of the meetings held on 13 October 2021 were agreed as a correct record and signed by the Chair.

3 Declarations of Interest

There were no declarations of interest.

4 Council Tax Base 2022/23 and Forecast Deficit on the Council Tax Collection Fund as at 31 March 2022 [Key Decision: CORP/R/21/03]

The Cabinet considered a report of the Corporate Director of Resources to determine the council's tax base for domestic properties liable to pay council tax, which is an important component in the council's budget setting process for 2022/23 and to report on the estimated collection fund deficit as at 31 March 2022 (for copy see file of minutes).

Councillor Bell thanked officers for the preparation of the report. He explained that calculating and forecasting the council tax base is complicated and requires officers to make prudent assumptions about house building, what will happen over the next 18 months, the types and numbers but also who would occupy those properties. He advised that he had spoken previously and written to ministers about how the council suffers from having a low tax base therefore has limited council tax raising authority.

Resolved:

That the recommendations in the report be approved.

**5 Local Council Tax Reduction Scheme Support Payments
[Key Decision: CORP/R/21/05]**

The Cabinet considered a report of the Corporate Director of Resources which provided an update on the Local Council Tax Support Payments awarded in 2020/21, funded through the Government's Covid 19 Hardship Funding and in 2021/22 through the Government's Local Council Tax Support Scheme funding. The report provided Cabinet with information on the current and forecast expenditure against the Covid-19 Hardship Fund and the Local Council Tax Support Scheme Grant received. The report also sought approval for the allocation of the remaining Covid-19 Hardship/Local Council Tax Support Scheme Funding to continue to provide support, through the additional awards, on a tapered basis, to vulnerable residents during 2022/23 and 2023/24 (for copy see file of minutes).

Councillor Shield in responding to the question from Councillor Crute explained how the impact on disposable income from the increased pressures on family budgets had been a material consideration in bringing the proposals forward.

Resolved:

That the recommendations in the report be approved.

6 County Playing Pitch Strategy

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval for the adoption of the Playing Pitch Strategy for 2021-2035 (for copy see file of minutes).

Councillor Bell responded to the questions from Councillor Gunn about the facility at Hunwick, and Councillor Batey about evidence gathering, consultation, and the fairness to all communities. As Councillor Howey was not present at the meeting a written response to the question she had submitted would be provided to the member after the meeting.

Resolved:

That the recommendations in the report be approved.

7 Forecast of Revenue and Capital Outturn 2021/22 - Period to 30 September 2021 and Update on Progress towards achieving MTFP(11) savings

The Cabinet considered a report of the Corporate Director of Resources which provided Cabinet with updated information on the:

- (a) forecast revenue and capital outturn for 2021/22, based on the position to 30 September 2021;
- (b) forecast for the council tax and business rates collection fund position at 31 March 2022, based on the position to 30 September 2021; and
- (c) forecast use of and contributions to earmarked, cash limit and general reserves in 2021/22 and the estimated balances to be held at 31 March 2022.

The report also sought approval of the revised capital programme, other budget adjustments and proposed sums treated as outside of the cash limit in year and provided Cabinet with an update on progress towards achieving MTFP(12) savings in 2021/22 (for copy see file of minutes).

Councillor Sexton responded to Councillor Crute's question about the impact any short fall in social care funding may have on residents, the care sector and the NHS.

Councillor Bell commended officers for the comprehensive report, and advised that as the pandemic continues to cast a shadow over financial performance and making forecasting challenging, it was pleasing to note that net covid pressures and loss of income are currently forecasted to be fully offset by the covid 19 grant funding from government. He advised that the Audit Committee would at the end of the month receive the external auditor's value for money assessment, and that it was particularly complementary of the council's robust financial management, and budget and MTFP processes.

Councillor Hopgood thanked the Corporate Director and his team, and all budget mangers for their effective budget management, and was pleased to note the external auditors finding as outlined earlier. The task of forecasting continues to be difficult when factoring in all of the financial uncertainties faced, however was pleased that overall the forecasting showed that will be

able to keep spending within budget, with the financial pressures in children services offset following the budget transfer after the base budget review.

Councillor Shuttleworth spoke of the position with highways and transport infrastructure budgets, and in explaining that they were complex budgets thanked staff for their hard work.

Resolved:

That the recommendations in the report be approved.

8 Mid-Year Review Report on Treasury Management for the period to 30 September 2021

The Cabinet considered a report of the Corporate Director of Resources which provided information on the treasury management mid-year position for 2021/22 (for copy see file of minutes).

Resolved:

That the report be noted.

9 Sniperley Park Masterplan

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought agreement of the draft Sniperley Masterplan for public consultation. The masterplan will guide approximately 1,700 new homes and associated infrastructure across the site on the edge of Durham City. Alongside the masterplan, a Healthy Active Travel Connectivity Plan has been prepared to illustrate the significant opportunities for active travel both within and surrounding the site (for copy see file of minutes).

Councillor Scott responded to Councillor Marshall's question about planning application processes and the delivery of the plan.

Councillor Scott in moving the report advised that the Sniperley Park would be an extraordinary development due to its location and character, and an exemplar of design. She set out the plans for consultation, and thanked the team for their hard work so far with the development of the plan.

Councillor Wilkes expressed his thanks to officers for the significant work undertaken, and that it was essential to move forward with this to secure environmentally sustainable large-scale housing development in the North East, and which aims to be as carbon neutral development as possible. Consultation would now take place in the community.

Councillor Shield in referring to road infrastructure welcomed that as part of a planning application for this development robust transport modelling would assess the impact and identify sufficient new infrastructure to mitigate the impact of this.

Resolved:

That the recommendations in the report be approved.

10 Chester le Street, Newton Aycliffe, Peterlee, Stanley and Three Towns Masterplan and Durham City Framework

The Cabinet considered a report of the Corporate Director of Regeneration, Economy and Growth which sought approval to commence consultation on a number of masterplans across County Durham (for copy see file of minutes).

Councillor Scott expressed her thanks to the teams for their hard work. She advised of the consultation period that was coming forward in December and January and encouraged all to take part.

Resolved:

That the recommendations in the report be approved.

11 Digital Durham Programme Update

The Cabinet considered a report of the Corporate Director of Resources which provided an update on the work being delivered as part of the Digital Durham Programme to support enhanced digital connectivity across County Durham. The report also described the expanding portfolio of projects that underpin the digital community theme of the Council's Digital Strategy, which sets out the digital ambitions for the county including improving and enhancing digital inclusion (for copy see file of minutes).

In responding to questions from Councillor Deinali, Councillor McDonnell, advised of the gigabit rollout, and the support from the council.

Councillor McDonnell thanked the Corporate Director and the Digital Durham team for their drive with this for County Durham and the region. She explained that it was a very complex matter, and although much had changed to move the programme on since it commenced in 2013 due to improvements in technologies, much had already been achieved, and that they would continue to drive this agenda forward.

Resolved:

That the report be noted.

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Cabinet

15 December 2021

**Medium Term Financial Plan(12),
2022/23 – 2025/26**



Key Decision No. CORP/R/21/02

Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

**Councillor Richard Bell, Deputy Leader and Portfolio Holder for
Finance**

Councillor Amanda Hopgood, Leader of the Council

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide an overview of the Chancellor of the Exchequer's Comprehensive Spending Review announcements on 27 October 2021 and consider the impact upon the development of the 2022/23 budget and the Medium Term Financial Plan (MTFP(12), 2022/23 to 2025/26.
- 2 The report also provides an update on a range of budget pressures that will need to be accommodated next year, including the ongoing impact of the COVID-19 pandemic on waste budgets.

Executive Summary

- 3 Local government has been operating in a period of significant financial uncertainty, brought about by a series of one-year financial settlements, significant budget pressures in social care, special educational needs, disability services and other unfunded pressures arising from demographic and pay and price inflation. Forecasting the likely ongoing impact of COVID-19 upon the council's expenditure, income and government funding levels adds a further layer of complexity and uncertainty.
- 4 On 27 October 2021 the Chancellor of the Exchequer published the government's Comprehensive Spending Review (CSR). This is the first step in providing local government with a longer term three-year financial settlement.

- 5 The Chancellor of the Exchequer has chosen to increase expenditure on public services, with previously 'unprotected' government departments receiving modest uplifts in government funding at a time when reductions were anticipated.
- 6 The CSR included a £4.8 billion base grant uplift for local government over the three-year CSR period (2022/23 to 2024/25). This funding is expected to be £1.6 billion a year, although circa £100 million per annum is expected to be allocated for specific activities within local government, leaving £1.5 billion per annum expected to be allocated to core local government funding from 2022/23 onwards.
- 7 This additional funding is viewed as recognition that as well as funding from council tax rises, local government also requires additional core funding to address the significant budget pressures across the sector.
- 8 Government have advised that the additional £1.5 billion is to be utilised to cover the 1.25% increase in employer's national insurance rates in 2022/23 as part of the health and social care levy, which is forecast to cost the council £2 million per annum from next year.
- 9 No indication has been given at this stage on how the £1.5 billion will be distributed. The allocation formula used will have a major impact on how much of this funding is forthcoming for the council.
- 10 Over recent years the government have retained a 2% council tax referendum level for council tax. In recent years however additional flexibility has been provided to increase council tax beyond the referendum limit by providing the ability for an adult social care precept.
- 11 Between 2018/19 and 2020/21 upper tier authorities could increase council tax by a total of 6% for the adult social care precept, with the government factoring this into its Core Spending Power calculations and expecting councils to apply these increases. Durham County Council increased its council tax by an additional 2% in each year in line with the government's expectations.
- 12 In 2021/22 the council was able to increase council tax for the adult social care precept by a further 3%, although the government allowed for this to be phased in over two years. The council, along with 53 other local authorities, chose to phase this increase in over two years, with 1% applied in 2021/22 and an indicative 2% built into MTFP(11) and MTFP(12) forecasts for 2022/23.
- 13 The CSR announced an additional adult social care precept of 1% would be available for 2022/23 and that an indicative 1% adult social care precept could be utilised for planning purposes for 2023/24 and 2024/25. This additional council raising capacity is in addition to the residual balance of the 3% not taken in 2021/22.

- 14 It is not expected that the new adult social care precept can be deferred into future years i.e., if the increase is not utilised in year, it will be lost. The full flexibility available to the council in 2022/23 therefore would be a circa 5% council tax increase, consisting of the 2% referendum limit, the 2% deferred adult social care precept increase from 2021/22 and the new 1% adult social care precept allowed for 2022/23.
- 15 The CSR announced a wide range of discounts on business rates in 2022/23, focussing on retail and leisure sectors. Significantly, the business rate multiplier will be frozen in 2022/23. This will result in no inflationary uplift in business rates for 2022/23, when a 3.1% increase was anticipated based on prevailing CPI interest rates. All local authorities will be fully reimbursed for this loss of income via an increase in Section 31 grants.
- 16 There were limited details on the broader elements of local authority core funding in the CSR. There is no certainty in relation to the Revenue Support Grant, New Homes Bonus (NHB), Better Care Fund and the Improved Better Care Fund or equalisation in relation to the flexibility to increase council tax for the adult social care precept. In addition, there was no announcements in terms of the Fair Funding Review (FFR), or the reset in business rates.
- 17 It is concerning that the additional growth in business rates over baseline levels since 2013/14 is £1.5 billion, which is the same sum being made available to local government over the CSR period.
- 18 It is not possible to accurately forecast what the financial settlement will be for local authorities and the council. It is hoped that the settlement will be more favourable than initially forecast but full detail is expected in December 2021 when the draft local government finance settlement is published.
- 19 There has been an expectation that local government would receive a three-year finance settlement to provide much needed certainty. It is not clear if this will be forthcoming and there is a risk that government will only provide an indicative settlement in years two and three, to provide flexibility to amend funding allocation methodologies in 2023/24 if the FFR is implemented at that time.
- 20 Although it is hoped that the local government finance settlement will provide a better than forecast grant settlement for the council consideration must also be given to the ever-increasing budget pressures the council is facing.
- 21 The CSR has forecast that inflation will average 4% across 2022, peaking at over 5%. In addition, the CSR announced a 6.6% increase in the National Living Wage, which will have a significant impact upon adult social care fees in 2022/23. The CSR also announced the lifting of the public sector pay pause, which is likely to lead to at least inflation

level pay requests from public sector trade unions for the 2022/23 pay round.

- 22 Over recent months work has been undertaken with budget managers to understand the ongoing impact of the COVID-19 pandemic into 2022/23. It is apparent that increased tonnages of household waste being collected, which are placing pressure on waste disposal budgets, are not reducing to pre pandemic levels, whilst significant pressures on energy and diesel prices continue to be of concern.
- 23 The CSR also announced the initial allocations of funding to local government from the health and social care levy. The allocation rises nationally from £200 million in 2022/23 to £2 billion in 2024/25. No detail has been provided on how this sum will be allocated to local authorities, but more detail is being provided on the new liabilities local authorities will face. The funding provided will need to cover losses of income from the introduction of a charging cap per person of £86,000 and the increase in the means test asset limit from £23,500 to £100,000.
- 24 Of more concern however is that government is indicating that self-funders who presently pay an estimated £175 per week more in adults residential care than council fee rates, may be able to access council contract rates. In addition, the government have indicated that councils will be required to pay providers a 'fair cost of care'. Both of these national policies are likely to result in care providers expecting a significant increase in fees payable. At this stage therefore the council has no indication of how much funding will be provided and as importantly no indication of the income loss and cost increase any sum received will need to cover.
- 25 At the time of preparing this report the council awaits the publication of the local government finance settlement in December. Once received and assessed an updated MTFP(12) forecast will be presented to Cabinet on 19 January 2022. That report will assess any additional funding forthcoming to the council whilst also building in the new and growing budget pressures the council faces.
- 26 Whilst the CSR announcements on 27 October 2021 are to be welcomed, the uncertainty over the way in which the new funding announced will be distributed, allied with inflationary and other additional budget pressures that need to be addressed, is making financial planning extremely difficult. This requires the council to be flexible and adaptable as it considers setting the 2022/23 budget and the medium-term financial plan 2022/23 to 2025/26.
- 27 Financial planning within the council will ensure that the council is well placed to react effectively to any outcome, however planning with this level of uncertainty is not conducive to effective long-term decision making.

Recommendation(s)

28 Cabinet is recommended to:

- (a) note the update on the 27 October 2021 Comprehensive Spending Review; and
- (b) note that an updated MTFP(12) position is expected to be reported to Cabinet on 19 January 2022, after analysis of the draft local government finance settlement in December.

Background

29 The MTFP(12) report presented to Cabinet on 13 October 2021 built on the initial forecasts considered by Cabinet in July and provided an update on the development of the 2022/23 revenue budget and the forecast medium term position for the council over the period 2022/23 to 2025/26, which factored in working assumptions in terms of Council Tax increases. This report provides a further update, focussing on the CSR announcements on 27 October 2021, whilst also providing a high-level update upon emerging base budget pressures.

2021 Comprehensive Spending Review (CSR)

30 The Chancellor of the Exchequer published the CSR on 27 October 2021. The document is far reaching and moves the country away from a sustained period of austerity, with the majority of areas of the public sector forecast to receive increases in funding over the three years of the CSR period 2022/23 to 2024/25, including unprotected government departments such as local government.

31 The government are implementing a strategy of increased public spending alongside increases in national and local taxation. The major beneficiary of this approach is the NHS, where additional investment over the next three years, in addition to previously announced increases of £25 billion, will be funded from the 1.25% increase in national insurance (employees and employers' national insurance) via the health and social care levy. It is forecast that the NHS share of public expenditure will increase from 27% in 1999/2000 to an estimated 44% in 2024/25. Increases of this magnitude may not be sustainable into the future and the country will face difficult choices going forward.

32 The CSR reported that the national deficit is forecast to reduce over the coming three years, reaching £50 billion in 2025/26. Against this background however the Chancellor of the Exchequer reported that he was hopeful of being able to implement tax cuts before the next general election.

33 The position for local government is more encouraging than was expected by the sector, although the full extent of the position will not become clear until the draft local government finance settlement is received, which is expected between 7 and 14 December 2021.

34 The main announcements in the CSR which are forecast to have an impact upon local government are as follows;

- (a) **Additional Core funding of a forecast £1.5 billion per annum**
The government announced £4.8 billion of additional core funding for local government over the CSR period (2022/23 to 2024/25). It is forecast that elements of this funding will be utilised for the Supporting People programme, for cyber security as detailed below:

	2022/23	2023/24	2024/25	TOTAL
	£m	£m	£m	£m
Core Funding	1,500	1,500	1,500	4,500
Supp. Families	40	70	90	200
Cyber Security	12	13	13	38
TOTAL	1,552	1,583	1,603	4,738

No indication has been given at this point as to how the funding will be apportioned between local authorities. This will have a major bearing on how much funding will be received by the council. Government have advised that the additional core funding provided will be expected to cover the increased employer's insurance 1.25% increase from April 2022 which is forecast to cost the council £2 million per annum

(b) **Health and Social Care levy**

The government had already announced a 1.25% increase in employers' national insurance from 1 April 2022. The government have advised that it is forecast that circa £12 billion will be raised from this sum per annum, with 85% going to the NHS to access the increase minimum waiting list times that have manifest due to the impact of the pandemic.

A remaining sum of £5.4 billion was to be made available to social care over the period 2022/23 to 2024/25. The CSR has announced that £1.8 billion of this funding is to be retained centrally by the NHS to invest in care sector training improvements and to improve the wider social care system, including the quality of integration and care. It is not clear at this stage how these sums will be invested locally.

The remaining £3.6 billion is to be apportioned to local government over the next three years as follows:

Year	Amount
	£m
2022/23	200
2023/24	1,400
2024/25	2,000

At this stage full detail is awaited of what additional costs and loss of income local authorities will face but they are expected to be significant.

The MTFP(12) report to Cabinet on 19 October 2021 provided detail on the new care charging lifetime cap of £86,000 and the increase in the personal savings and asset values that is taken into account when determining whether a person can afford to pay for their care charges is to increase from £23,500 to £100,000. Anyone with assets between £20,000 and £100,000 will be eligible for some means-tested support. Once implemented these changes will significantly reduce the income which can be raised by local authorities, with a particular impact upon more affluent areas where people have more personal wealth and currently have to contribute more towards their social care needs.

In addition, government have indicated that self-funders at a point to be specified in the future will be able to access council contract rates. In the county the estimated average sum paid in addition to council contract rates is circa £175 per week in adult residential care. If self-funders were able to access council contract rates care providers would expect an increase in care fees from the council i.e., a saving for a self-funder but a cost to the council.

Government have also indicated that new £2 billion provided to local government by 2024/25 is expected to be invested in ensuring care providers are paid a fair cost of care. At this point no additional information has been forthcoming on how an assessment of fair cost of care will be calculated locally, regionally, or nationally.

It is apparent therefore that the financial position for the council and local government will be significantly impacted by how much of the £3.6 billion is apportioned to each council but more importantly what the loss of income and increased cost amounts to. There could be significant winners and losers in this regard across the sector.

(c) **Council Tax**

Over recent years the government have retained a 2% council tax referendum level for council tax. In recent years however additional flexibility has been provided to increase council tax beyond the referendum limit by providing the ability for an adult social care precept.

Between 2018/19 and 2020/21 upper tier authorities could increase council tax by a total of 6% for the adult social care precept, with the government factoring this into its Spending Power calculations and expecting councils to apply these increases. Durham County Council increased its council tax by an additional 2% in each year in line with the government's expectations.

In 2021/22 the council was able to increase council tax for the adult social care precept by a further 3%, although the government allowed for this to be phased in over two years. The council, along with 53 other local authorities, chose to phase this increase in over two years, with 1% applied in 2021/22 and an indicative 2% built into MTFP(11) and MTFP(12) forecasts for 2022/23.

The CSR announced an additional adult social care precept of 1% would be available for 2022/23 and that an indicative 1% adult social care precept could be utilised for planning purposes for 2023/24 and 2024/25. This additional council raising capacity is in addition to the residual balance of the 3% not taken in 2021/22.

It is not expected that the new adult social care precept can be deferred into future years i.e., if the increase is not utilised in year, it will be lost. The full flexibility available to the council in 2022/23 therefore would be a circa 5% council tax increase, consisting of the 2% referendum limit, the 2% deferred adult social care precept increase from 2021/22 and the new 1% adult social care precept allowed for 2022/23.

(d) National Living Wage (NLW)

The CSR confirmed that the NLW will increase in 2022/23 by 6.6% to £9.50. The council was previously forecasting a circa 5.3% increase in 2022/23. The increase will need to be reflected in the revised based budget forecast for the 2022/23 budget and increases cost pressures by circa £1.6 million. The NLW is expected to increase to £10.03 in 2023/24 (a 5.6% increase year on year) and to £10.50 in 2024/25 (a 4.7% increase year on year).

(e) Business Rates

The CSR announced a wide range of discounts on business rates in 2022/23, focussing on retail and leisure sectors. Significantly, the business rate multiplier will be frozen in 2022/23. This will result in no inflationary uplift in business rates for 2022/23, when a 3.1% increase was anticipated based on prevailing CPI interest rates. All local authorities will be fully reimbursed for this loss of income via an increase in Section 31 grants. The changes that were announced are summarised below:

- (i) The revaluation of business rates will be every three years from 2023/24;
- (ii) There will be a one-year extension to transitional relief and supporting small business rates relief for 2022/23;

- (iii) There will be a 50% discount for 2022/23 for retail and hospitality of up to £110,000;
- (iv) An exemption for eligible plant and machinery used in onsite renewable energy generation and storage, such as rooftop solar panels and battery storage used with renewables and electric vehicle charging points, from 2023 until 2035. A 100% relief will also be provided for eligible low-carbon heat networks that have their own rates bill. The government will set out more detail on both changes in a technical consultation later this year, with changes to take effect in 2023; and
- (v) There will be a new business rate relief whereby no payment will need to be paid in any year where a business is investing in eligible improvements to an existing property to increase the rateable value. This will support businesses to make improvements to their property such as adding more rooms to a hotel, expanding a factory, or installing CCTV or bike sheds. The government will consult on how to implement this relief, which will take effect in 2023 and be reviewed in 2028.

(f) **Shared Prosperity Fund/ Community Renewal Fund/ Levelling Up**

The CSR confirmed the following allocations to the Shared Prosperity Fund:

	£m
2022/23	400
2023/24	700
2024/25	1,500

At this stage there is no confirmation on how this funding will be allocated to individual authorities.

Government have announced the initial allocations from the forerunner to the Shared Prosperity Fund - the Community Renewal Fund. In total the government announced £127 million of grant awards under this scheme, with the council being successful with one of its bids, with £0.836 million awarded to the Emerging Markets Innovation Accelerator project.

The council also received confirmation that the initial bid to the Levelling Up fund for Bishop Auckland of £20 million had been approved and in addition £50,000 will be forthcoming to carry out further feasibility into the review of the rail network between

Darlington and Weardale. No funding was allocated to the Leamside Line reopening scheme.

- 35 It was hoped that the government would confirm that it will provide local government with a three-year settlement. Indications are however that the settlement may only provide an indicative year two and three year settlement, thus leaving options open for government to amend funding allocations in 2023/24 possibly as part of the full or part introduction on the findings from the Fair Funding Review.
- 36 In addition, and disappointingly, the government have not announced any timing for the business rate reset. To date local authorities are receiving a forecast £1.5 billion more business rates than were included in the 2013/14 business rate retention baseline. The council expects to be a beneficiary from any such reset, although it is concerning that the additional funding being provided to local government of £1.5 billion matches the sum available from additional business rates being generated.

Core Spending Power

- 37 The CSR headlines an average real terms increase (after forecast inflation) for local government of 3.4% over the next three years. This would appear to be a reasonable uplift. However this sum includes the addition funding being provided by the health and social care levy which comes with significant new liabilities and loss of income. Government have also assumed in the CSR calculation that all local authorities will increase council tax by the maximum sum possible in each of the next three years. This represents the majority of the remaining real terms increase in core spending power. The additional £1.5 billion core funding represents a forecast 0.6% real terms increase in funding.
- 38 It is expected that full detail on individual local authority finance settlements and the impact upon core spending power figure will be published as part of the local government finance settlement.

Base Budget Pressures

- 39 The MTFP (12) report to Cabinet on 19 October 2021 provided an update on additional base budget pressures being experienced by the council, building on the initial report considered by Cabinet in July 2021.
- 40 It is becoming apparent that the council is likely to face additional base budget pressures in addition to those reported to Cabinet on 19 October. It is apparent that increased tonnages of household waste being collected, which are placing pressure on waste disposal budgets, are not reducing to pre pandemic levels, whilst substantial inflationary pressures on energy and diesel prices continue to be of concern. Any change in this regard will be reported to Cabinet in January 2022 as part of the local government finance settlement.

- 41 The announcement of a 6.6% increase in the NLW will have a major impact upon the 2022/23 budget as will the forecast 4% average inflation rate over the 2022 period. The government have announced an ending to the public sector pay pause. The current budget forecasts provide for only a 2% pay uplift and 1.5% price inflation provision.
- 42 The council will also need to be cognisant of emerging recruitment issues being faced across the council. A number of teams are beginning to struggle to recruit staff to vacant posts which is a similar challenge being faced across the national and local economy.

Council Tax increases 2022/23 to 2025/26

- 43 In line with the planning assumptions built into the previous report, there is an expectation that the council will increase its council tax in each of the next four years. This is a planning assumption at this stage as final decisions on council tax levels for 2022/23 will need to be considered and agreed by Full Council on 23 February 2022.
- 44 The MTFP(12) forecasts currently assume a 3.99% council tax increase in council tax in 2022/23, and 1.99% increases across the remainder of the MTFP(12) period.
- 45 The 3.99% increase in 2022/23 utilises the 2% adult social care precept flexibility deferred from 2021/22 and is in line with government recommendations as maximum increases in line with the referendum limits are factored into the Spending Power calculations and the Chancellor of the Exchequer's Red Book forecasts.
- 46 In making the announcements on NHS and social care funding on 7 September 2021, the government stated that they expect demographic and unit cost pressures to be met through Council Tax, social care precept, and long-term efficiencies with the overall level of Local Government funding, including Council Tax and social care precept, to be determined in the round at the Spending Review.
- 47 This is particularly challenging for Durham given our low tax base and low tax raising capacity, where the additional revenue generated from council tax increases is insufficient alone to cover basic inflationary pressures, let alone any demographic and other unfunded and unavoidable cost pressures the council faces.
- 48 The increased Council Tax raising powers from the 1% additional Adult Social Care precepts in 2022/23, 2023/24 and 2024/25 provide some increased flexibility in terms of the Councils Medium Term Financial Planning.

Conclusion

- 49 At this point the CSR announcements would appear to be better news than the council was previously forecasting.
- 50 The local government finance settlement is awaited however in order to provide the full detail and in addition clarity is required on what costs and loss of income local authorities will face in relation to lifetime care charge capping, self funder arrangements and fair cost of care proposals in adult care.
- 51 Alongside the ongoing assessment of base budget pressure, it is only when all information is available to the council that the budget proposals can be finalised for 2022/23.

Background papers

- Medium Term Financial Plan(12), 2022/23 - 2025/26 and Review of the Local Council Tax Reduction Scheme – Report to Cabinet 7 July 2021
- Medium Term Financial Plan(12), 2022/23 - 2025/26 – Report to Cabinet 19 October 2021
- Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 September and Update on Progress towards achieving MTFP(11) savings – Report to Cabinet 17 November 2021

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Appendix 1: Implications

Legal Implications

The council has a statutory responsibility to set a balanced budget. It also has a fiduciary duty not to waste public resources.

Finance

The report provides a review of the content of the CSR and the likely high-level impact upon the council and local government, though confirmation of a number of matters is required as part of the Local Government Finance Settlement that will be published in December. The report also highlights a range of emerging base budget pressures that will need to be factored into the 2022/23 budget and across the MTFP(12) planning period.

Consultation

The approach to consultation on the 2022/23 budget was set out in the October Cabinet report, and the approach will utilise our existing County Durham Partnership networks and our AAPs. The feedback from the consultation will be factored into the planned MTFP(12) update report to Cabinet in January 2022.

Equality and Diversity / Public Sector Equality Duty

Equality considerations are built into the budget planning process and underpins the approach to developing any MTFP(12) savings requirements. No new additional savings are included in this report.

Climate Change

The impact of final budget decisions will take into account climate change impacts. The updated MTFP forecasts reported to Cabinet in October included provision to mainstream the Low Carbon Team and made provision for the first phases of the electrification of the vehicle fleet, which will make a positive contribution to the council's carbon reduction targets.

Human Rights

Any human rights issues will be considered for any detailed MTFP(12) and Council Plan proposals as they are developed, and decisions made to take this forward.

Crime and Disorder

None

Staffing

Where any savings proposals in MTFP(12) impact upon employees, HR processes will be always followed. The report includes proposed investments in a number of teams to address corporate priorities and capacity issues.

Accommodation

None specific within this report.

Risk

Local government has been operating in a period of significant financial uncertainty, brought about by a series of one-year financial settlements, significant budget pressures in social care, special educational needs, disability services and other unfunded pressures arising from demographic and pay and price inflation.

Forecasting the likely ongoing impact of COVID-19 upon the council's expenditure, income and government funding levels adds a further layer of complexity and uncertainty.

At this point the CSR announcements would appear to be better news than the council was previously forecasting.

The local government finance settlement is awaited however in order to provide the full detail and in addition clarity is required on what costs and loss of income local authorities will face in relation to lifetime care charge capping, self-funder arrangements and fair cost of care proposals in adult care.

Alongside the ongoing assessment of base budget pressure, it is only when all information is available to the council that the budget proposals can be finalised for 2022/23.

Procurement

None specific within this report

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Cabinet

15 December 2021

**Quarter Two, 2021/22
Performance Management Report**

Ordinary Decision



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Amanda Hoggood, Leader of the Council

Electoral division(s) affected:

Countywide.

Purpose of the Report

- 1 To present an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlight key messages to inform strategic priorities and work programmes.
- 2 The report covers performance in and to the end of quarter two, July to September 2021.

Performance Reporting

- 3 The performance report is structured around the three components.
 - (a) High level state of the County indicators to highlight areas of strategic significance. These are structured around the [County Durham Vision 2035](#).
 - (b) Council initiatives of note against the ambitions contained within the vision alongside a fourth 'excellent council' theme contained within our [Council Plan](#)¹.
 - (c) A long list of key performance indicators against the themes of the Council Plan.
- 4 The Council Plan sets out how the Council will use the resources at its disposal to achieve the ambitions set out in the County Durham

¹ approved by full council October 2020

Partnership's vision for the County. It sets out the Council's ambitions and key work areas to achieve these with high level performance indicators to measure progress. Appendix two of this report reflects this in the way it is set out.

- 5 It also includes an overview of the continuing impact of COVID-19 on council services, our staff, and residents.

More and Better Jobs

- 6 Across County Durham, we estimate the employment rate has remained static at 71.3%, which is below target of 73%, however is in line with both regional and national trends. We are expecting it to deteriorate once the government removes its financial support packages. Young people remain disproportionately affected.
- 7 The 1.9% increase in gross household disposable income is less than the averages for England (+2.5%) and the region (+2.2%), meaning the gap in earnings continues to grow and is adding to the financial pressures experienced by our residents.
- 8 Our tourism and cultural sector was particularly hard hit by the pandemic. In 2020, there were nine million fewer visitors to the area, a reduction in the visitor economy of £474 million and 5,000 fewer jobs across the sector.
- 9 However, despite the pandemic, an additional 460 businesses have been created since 2020 taking the total number to 14,565. This equates to 273 per 10,000 population. This is still significantly lower than the national average (412) but on par with the regional average (271).
- 10 Latest data (2019) shows that although our GVA per person increased by 6.6% to £16,925, it is the second lowest in the region which has an average of £20,727 and is considerably lower than the England average of £30,239.
- 11 To mitigate against these economic challenges, we are continuing to move forward with significant investment and regeneration projects which will create new infrastructure, transform our towns and villages, and boost the visitor economy. We are also continuing to provide financial assistance to businesses to help them survive the impact of the pandemic and protect their long-term future, and help people into employment.
- 12 However, over the last 12 months, the council led strategic employment sites such as NETPark are 95% occupied, and the county has also seen eight inward investments secured and more than £59 million of GVA

growth created. The number of businesses engaged has increased by 27% compared to the same period last year.

Long and Independent Lives

- 13 Although the pandemic has caused a fall in life expectancy, [recent research](#) suggests it was already in decline in many areas in the North of England. Across County Durham, male life expectancy has fallen by seven months and female life expectancy by six months. Both remain lower than the national average.
- 14 The pandemic has also made it more difficult for people to participate in sport and activity. Over the last 12 months, 31% of adults across the authority area participated in less than 30 minutes exercise each week and are therefore classed as inactive. This compares to a national average of 27%.
- 15 Latest data (2019/20) shows slight increases in excess weight. 64.8% of adults (up from 63.3%) and 24.9% of children aged 4 to 5 (up from 24%) were classed as overweight or obese.
- 16 Across the county, smoking prevalence increased from 15% to 17%, 15% of mothers smoked at the time of delivery (8.9% nationally) and 29.1% were breastfeeding their babies at 6-8 weeks (48% nationally). There was also an increase in the suicide rate which remains higher than the national figure.
- 17 Poverty pressures continue to be a major issue and we expect the situation to deteriorate as basic living costs continue to rise, hitting those with little disposable income hard. We are aware 24% of children eligible for free school meals are not claiming them.
- 18 10.9% of people across the county reported a low happiness score (self-reported well-being), which is higher than last year (9.5%) and above the national figure of 8.7%.
- 19 We are continuing invest in walking and cycling infrastructure, work to tackle food poverty, provide focused activity across mental and physical well-being, and support smoking quitters.
- 20 Work to reduce carbon emissions is also underway. Agreed projects will increase electric vehicle charging points, retrofit houses, explore mine water heat (at Seaham Garden Village), introduce more bike loan schemes, and restore peatlands in the North Pennines.

- 21 Carbon emissions across the county have reduced by 54% from the 1990 baseline.
- 22 During quarter two, we helped to support 180 households with food, and over the summer holidays, we delivered more than 100 projects as part of our Holiday Activity with Food programme.
- 23 70% of respondents reported they were satisfied with services for care and support, an increase on last year (68%) and higher than nationally (64%). In addition, 78% of adult social care users report they have enough choice over the care and support services they receive, higher than last year (75%) and the national average (67%).
- 24 We are continuing to improve outcomes for vulnerable children and their families and remain on track to achieve 'significant and sustained outcomes' for around 6,000 families as part of our stronger families programme.

Connected Communities

- 25 During the 12 months ending 30 September, there was a 7% reduction in recorded crime, a 5% reduction in recorded anti-social behaviour and a 6% reduction in recorded domestic abuse incidents (although the proportion of domestic related violence against the person offences involving alcohol has increased).
- 26 The reduction in crime is mainly driven by a 30% reduction in theft-related offences, which most likely reflects people spending more time at home, fewer opportunities to commit crime in public spaces and the closure of non-essential retail and the night-time economy.
- 27 Another consequence of people spending more time at home is the generation of more household waste. This, combined with planned maintenance at the energy from waste plant, has resulted in a smaller proportion of waste being diverted from landfill – 90.1% compared to the 97.8% for the same period last year. In addition, contamination of kerbside recycling bins continues to increase and is currently 35%.
- 28 We are investing heavily in our town centres. New masterplans are being developed, free public wi-fi is being rolled out and new leisure facilities are to be built. We are also undertaking actions and campaigns which focus on environmental improvements, better quality housing, road safety and water safety.
- 29 We are continuing with our programme of transforming residential care and fostering by recruiting and retaining more foster carers and developing new council children's residential homes. This remains a challenging issue.

- 30 Town centre occupancy rates are now considerably lower than the national average of 86%. Outside of the town centres, the Arnison Centre has seen the largest drop in occupancy with seven vacant units.
- 31 At the start of the pandemic, we saw all patronage on local bus services drop significantly to around 20-30% of normal. While we've seen an increase in patronage as the lockdowns and restrictions have been eased, this hasn't been as great as we would have hoped. Added to this, concessionary patronage has lagged significantly behind the "non-concessionary" patronage. This probably indicates a reluctance by that group to return to public transport.
- 32 Demand for the services of our specialist domestic abuse provider is 30% higher than the same period last year, and continues to increase quarter on quarter. In addition, clients are presenting with more complex issues (especially mental health), so cases are taking longer to resolve.
- 33 A greater proportion of people successfully completed treatment programmes compared to the previous year: for alcohol - 35% compared to 31%, and non-opiates - 38% compared to 31%. The success rate for opiate treatment remained the same (5.5% compared to 5.6%)
- 34 The pandemic and the complexity of referrals to children's social care continues to impact on the number of children and young people who are open to statutory social care teams, currently 3,818, and has increased the caseloads of our social worker teams.
- 35 56% of local people surveyed were satisfied with the way the council and police were dealing with local concerns about anti-social behaviour and crime issues in their area, up from 50% the year before.
- 36 Care Connect, our emergency contact service that supports people to remain living independently in their own home continues to see the number of customers and connections on the service decline over the longer term trend. There has been a 10% loss in connections in the last five years, with a typical year on year decrease of between 4-5%; and a 23% reduction in the number of clients. Over the last year, connections decreased by more than 3% and clients by almost 4%, mainly due to death of the client.

An Excellent Council

- 37 The council continues to face significant financial pressure resulting from the pandemic. The additional costs incurred and loss of income are presently forecast to be around £24 million this year, offset by COVID-19 related underspends (relating to closure of facilities and disruption to normal service activity as a result of the pandemic) of £7.5 million – a net overspend of £16.7 million, which is presently within the forecast

circa £17.2 million the council expects to receive from the government to cover the financial impact of the pandemic.

- 38 However, the vast majority of services have now reopened and during quarter two, our teams started a phased return to offices on a hybrid basis. Work-related control measures (hands, face, space, fresh air, vaccination) remain in place, and alternative provision is being made for those classified a Clinically Extremely Vulnerable or for whom there are mental health concerns.
- 39 Although demand for services remains relatively high (an additional 95,000 service requests were received in the last 12 months – 26% more than the previous year), the rate of increase is slowing. This demand is driving both a corresponding increase in complaints (although complaints as a proportion of service requests remains constant at around 0.6%) and a decrease in satisfaction with service delivery timescales.
- 40 During quarter two, we started reinstating our Performance Development Review (PDR) process (enhancing our overall approach to ongoing individual performance management), developing a new approach for the induction and ongoing support of new managers, and encouraging more customers to liaise with us digitally by expanding our online contact channels.
- 41 We continued to invest in our workforce: £7.6 million, via our apprenticeship programme, has allowed more than 1,100 employees to develop new skills. We are undertaking a new consultation programme to understand the level of digital skills currently in place across our workforce, and inform our new digital skills programme going forward.
- 42 We are working to further reduce our carbon emissions by installing solar panels and LED lighting; developing a solar farm, battery storage and charging posts at Annfield Plain (Zero Carbon Depot Project), developing a new building energy management system to improve the control of energy, only using electric vehicles as pool cars, and purchasing an electric refuse vehicle.
- 43 Decarbonisation of the electricity grid has helped reduce our carbon emissions by 58% (from the 2008/09 baseline).
- 44 Our lowest sickness rate for the last 12 months is the third lowest since 2010/11, at 10.06 days per Full Time Equivalent (FTE), with circa 82% of employees recording less than five days sickness and almost 66% recording no sickness. Although our sickness rate has marginally increased over the last six months, most of the increase is due to the prevalence of COVID-19 across our workforce. If we adjust for COVID-

related sickness, our rate remains comparatively low at 9.09 days per FTE.

- 45 The council has also gained recognition for its services and staff in the Local Government Chronicle (LGC) Awards and the Municipal Journal (MJ) Local Government Achievement Awards which took place this year.
- 46 We won a national award for our Children's Services in the LCG Awards, which celebrate excellence in local government. We were recognised for our Supporting Solution Service, which provides a phased approach to young people on the edge of care, with the aim of enabling them to stay with their families and avoid entering the care system.
- 47 We were highly commended in two categories in the MJ Awards; one for Digital Transformation for Digital Durham, with the judges being impressed by how we accelerated the delivery of our digital strategy at an unprecedented pace, ranging from adapting to how we communicate with our customers to supporting our staff to work remotely. It also recognised the introduction of the award-winning Health Call Digital Care Home system, which allows care workers to digitally share the results of their resident observations, such as blood pressure and heart rates, with health professionals.
- 48 The second category we were highly commended was the Senior Leadership Team for our Corporate Management Team (CMT); The judges recognised the team's expertise and dedication in leading the authority through the pandemic, as well as its approach to empowering staff and implementing a major investment programme. CMT commitment to community focused ways of working, along with a nationally recognised approach to social value and partnership work was also praised.
- 49 76% of service requests processed during the 12 months ending 30 September 2021 were assessed against a performance standard. The performance standard was met in 74% of cases. This is an increase of 15 pp on the previous quarter and just slightly lower than the 77% recorded for the same period last year. However, it should be noted that over the same period, service requests increased by 26%.
- 50 We are undertaking a detailed review of all service requests within our CRM system that are not currently assessed against a performance standard. We have completed the initial phase of this activity and have identified a range of service improvements linked to systems, data and reporting, training, and member experience.

The impact of COVID-19

- 51 The COVID-19 pandemic has caused an unprecedented health emergency across the globe. [Restrictions](#) to contain the virus, minimise deaths and prevent health and social care systems being overwhelmed remain in place, and are continuing to impact our everyday lives, our health, and the economy.
- 52 However, roll-out of the UK's vaccination programme, which has reduced both hospital admissions and deaths, allowed the government to implement plans for a [gradual and phased route out of lockdown](#).
- 53 Working with government organisations and within the context of national developments, we continue to protect our communities, support those affected by the pandemic, and develop plans for future recovery.
- 54 The COVID-19 surveillance dashboard can be accessed [here](#).

Risk Management

- 55 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 latest report can be found [here](#).

Recommendation

- 56 That Cabinet notes the overall position and direction of travel in relation to quarter two 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.

Author

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Appendix 1: Implications

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.



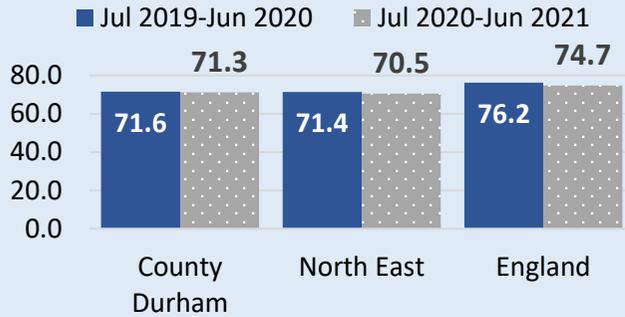
Durham County Council Performance Management Report

Quarter Two, 2021

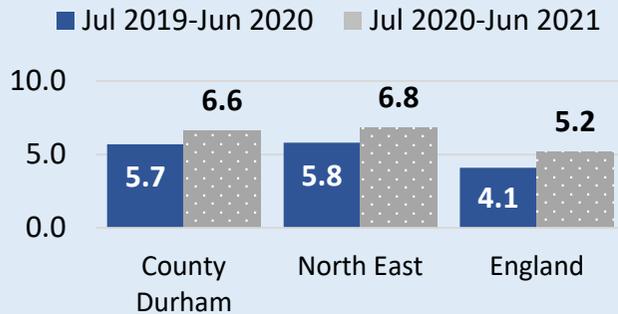


MORE AND BETTER JOBS

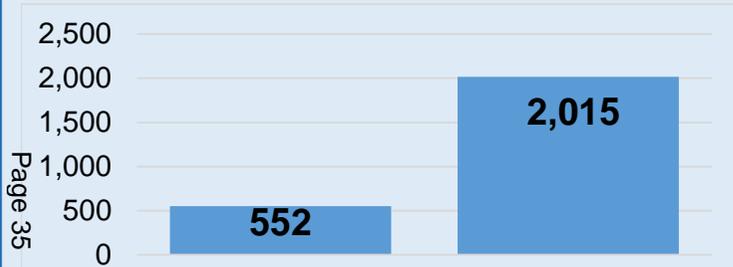
Employment Rate



Unemployment Rate



Jobs created/safeguarded by Business Durham (Jul-Sep 2021)



Support Schemes

Co. Durham

North East

England

Job Retention (furlough)
(as at 31 August)

4%

4%

5%

Self-employed income support
(as at 15 September)

31%

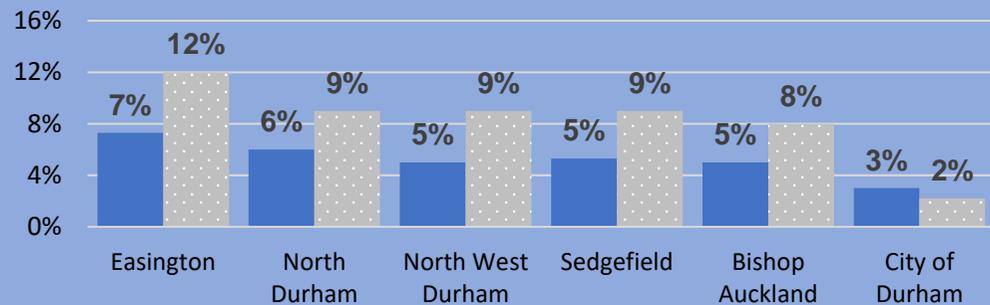
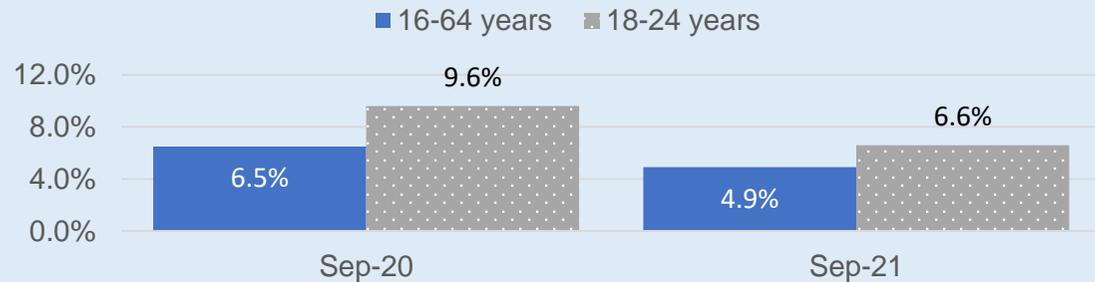
33%

33%

8,500 jobs furloughed

6,100 claims for SEISS

Claimant Count (as at September 2021)



More and Better Jobs

- 1 The ambition of More and Better Jobs is linked to the following objectives:
 - (a) Delivery of a range of employment sites across the county;
 - (b) A strong, competitive economy where County Durham is a premier place in the North East to do business;
 - (c) A broader experience for residents and visitors to the county;
 - (d) Young people will have access to good quality education, training and employment;
 - (e) Helping all people into rewarding work;
 - (f) Fewer people will be affected by poverty and deprivation within the county.

National, Regional and Local Picture

- 2 The County Durham Regeneration Statement sets the direction of regeneration and economic development of the county up to 2022. This document contains a number of long-term measures of success. A key aim within this strategy is the employment rate for the county to converge to and be maintained at pre-2008 recession levels (73% of working age population).
- 3 Latest data (June 2021) shows the employment rate shows a similar picture to the previous reporting period, which is in line with regional trends, and is within the confidence level for this data. We have yet to see any significant impact of the pandemic on the employment rate, following the government's removal of the furlough scheme and self-employment income schemes. We anticipate an increase in unemployment across the county.
- 4 Throughout the lifetime of the furlough scheme, 82,800 unique jobs were furloughed at some stage, representing just over 40% of all employments in the county. Large numbers of employments on furlough at the end of the scheme related to people in the 50-59 age group, those employed in manufacturing and accommodation and food service sectors with a disproportionately larger number of men being placed on furlough.
- 5 The unemployment rate has shown an increasing trend since June 2020 however, the amount of change is still within the confidence level for this data and therefore could be due to variations in sampling within the survey.
- 6 Nationally there are around a million vacancies July to September, a record high and an increase of 318,000 from the pre-pandemic January to March 2020 position. While the rate of vacancy growth has slowed recently, the number of vacancies is still increasing across most sectors with job opportunities bouncing back post COVID much quicker than expected.

- 7 At a local level we do have some hard to fill vacancies in the labour market due to the ongoing effect of post Brexit labour movement as well as wider access to work issues such as transport. We continue to see significant numbers of opportunities in hospitality, health and social care and the HGV / logistics sector where there may be certain entry / qualifications requirements; this is replicated across the North East and nationally. We are continuing to work with learning providers and individual businesses to support their recruitment and ensure residents have the best possible access to these jobs.
- 8 The latest data from the UK Business Count (as at March 2021), shows there were 14,565 enterprises in County Durham. An increase of 460 (3.3%) businesses since 2020, higher than regional (1.5%) and national (0.5%) increases. This is equivalent to 273 businesses per 10,000 population, significantly lower than the national average (412) but similar to the regional average (271).
- 9 The focus of the ambition within the Vision for County Durham 2035 is on more and better jobs. Whether we are creating better jobs is reflected in our regeneration statement through the key measures of gross disposable household income and gross value added (GVA).
- 10 Between 2018 and 2019 gross household disposable income within the county increased by 1.9% to £16,617. This is below the rate of growth seen for the region and England which grew at 2.2% and 2.5% respectively meaning that the gap in earnings continues to grow.
- 11 GVA is a productivity metric. It measures the contribution that the county makes to the overall economy. Latest data in relation to the amount of GVA per person in County Durham for 2019 shows a rise to £16,925, an increase of 6.6%. This is the second lowest in the region and represents 81.7% of the regional average. The County Durham rate is considerably lower than the England figure (£30,239) and lower than the North East (£20,727).
- 12 The eviction ban was completely lifted from 1 October 2021 and all notice periods have returned to the pre-pandemic position. Landlords, as of 20 September, are now able to progress their possession claims through the courts. Courts will carefully prioritise the most serious cases, such as high level anti-social behaviour or other crimes. Court orders can now be enforced by bailiffs unless anyone living in the property has COVID symptoms or is self-isolating. Despite the lifting of eviction restrictions, the Government continues to encourage landlords and tenants to resolve disputes without going to court wherever possible.

Council Services

Delivery of a range of employment sites across the county

- 13 In September, Cabinet agreed to £49.6m being used for the third phase extension of NETPark (The North East Technology Park) Business Park in Sedgefield. The new phase could generate up to 1,250 skilled jobs and be worth up to £625m to the County Durham economy.

A strong competitive economy and premier place to do business

- 14 The UK Community Renewal Fund is a new Government fund set up to support communities to pilot programmes and new approaches ahead of the UK Shared Prosperity Fund. Announcements on successful bids to this £220 million fund were expected in July but have been delayed. There are concerns nationally about the ability to deliver successful projects by March 2022. The LA7 has called on the Government to extend the proposed delivery timeframe.
- 15 A subgroup of the County Durham Economic Partnership (CDEP) has met to develop and implement a strategy for lobbying for County Durham's ambitions to be recognised and funded by UK Shared Prosperity Fund. A paper setting out key messages to be used in strategic liaison was agreed at the last CDEP Board. The group will map where lobbying will add most value. Work was undertaken to identify key stakeholders from a list of 34 parties.
- 16 The £6 million Durham Business Recovery Grant launched in January 2021, to help businesses implement recovery plans to overcome the effects of the pandemic has now closed. We received over 780 applications to the scheme requesting over £12 million in total. Three hundred and eighteen applications were approved, totalling more than £4.54m, with the potential to safeguard up to 3,554 jobs. The majority of grants (95%) have been awarded to micro or smaller businesses employing up to 50 staff. Grants have been awarded to 119 (37%) businesses in retail and personal services, 61 (19%) businesses in manufacturing and engineering, 60 (19%) in the cultural, creative and tourism sectors and 34 (11%) in business services, professional services and distribution, with the remaining 44 (14%) coming from other sectors.
- 17 A further £500,000 has been awarded through the County Durham Growth Fund to support four SMEs, bringing the total awarded to date to £5.8 million out of the £8.9 million fund. 184 jobs have been created so far, with a further 375 jobs projected before the end of the project.
- 18 The current pipeline of potential investments for the Finance Durham Fund is extremely strong, and it is expected that the total invested through Finance Durham will reach £10 million by the end of the calendar year; with potential new

investments in three businesses and one follow-on investment that will complete in quarter three.

- 19 Eight inward investments were secured during the quarter generating 221 jobs. These were Peratech Holdco Ltd, Vaildair Diamond Scientific, EV Smart, Evolution E Types Ltd, Conduit Construction Network Ltd, Project Control Tools Ltd, RG Distributors Ltd and Needlebay Systems.
- 20 During the quarter, 59 businesses were intensively assisted by Business Durham exceeding the target for the year.

Business Durham Activity	Jul-Sep 2021	Compared to last year	
Inward investments secured	8	+8	↑
Businesses engaged	577	+155	↑
floor space occupied	95%	+15pp	
GVA from jobs created or safeguarded (million)	£59.1	+£59.1	↑

- 21 Durham Ambitious Business Start-ups (DABS) now has 161 businesses and individuals registered, 97 of these are pre-start businesses, of which 63 have accessed 12 or more hours of support. There are 64 new businesses within their first year of trading, 37 of which have received 12 hours of support.

Helping all people into rewarding work

- 22 Despite referrals to employability programmes increasing over the last few months due to both Job Centre Plus (JCP) and our delivery partners reintroducing face to face meetings, numbers are still below pre-COVID levels. However, numbers are expected to recover in the coming months as JCP staffing levels has returned to normal and more JCP claimants are encouraged to participate in employment related activity.
- 23 The number of participants progressing into employment has increased compared to the previous reporting period, with more people being supported to set up as self-employed, move into jobs in those sectors that have experienced increased demand or to replace furloughed workers who have moved into other jobs. Clients completing education or training courses has also increased despite a large proportion of our clients having limited digital skills that prevent them from doing online courses. Most courses were delivered through our delivery partners on the L!NKCD programme. This scheme brings together community minded organisations and training providers to support people in the county who need help getting into work and learning new skills. However, delivery of L!NKCD

programme has been impacted by COVID-19 restrictions and we are looking to extend the programme to December 2023.

- 24 Work continues to support adults who are eligible to access employability support through our Refugee Mentoring project; with 164 adults across nine arrival phases (two per year) being supported into employment, training or volunteering opportunities. Support is currently being offered to the new phase nine arrivals who have settled in the Crook area and we have already engaged with 11 individuals.

A broader experience for residents and visitors to the county

- 25 County Durham has been named as one of the eight locations that made the longlist in the UK City of Culture 2025 competition and has until January 2022 to finalise its bid. Securing the title would deliver transformational social and economic benefits to the whole of County Durham and the wider region; allowing us to engage even more people in arts and culture, attract thousands of additional visitors and help us to secure millions of pounds of investment. The Partnership is now focused on taking County Durham to the next stage of the competition and are urging people to continue to support the Durham 2025 campaign. It is anticipated that the overall winner will be declared in May 2022.
- 26 In September, Cabinet approved further feasibility work to be carried out looking at options to bring the former Durham Light Infantry (DLI) Museum and Art Gallery back into use as a wider culture and visitor destination incorporating a significant dedicated space for items from the DLI collection that will complement the planned exhibitions in the Durham History Centre. It is anticipated that the findings of this study will be presented to councillors in early 2022.
- 27 The Kier Group has reported a six week delay on the new History Centre, however they are confident this does not affect overall delivery and completion for October 2022. The delay was caused by the discovery of Asbestos Containing Material (ACM) on the site and the need to acquire planning permission to demolish and rebuild a wall of the listed building. Planning permission has now been granted and all ACM removed from site. Work continues on securing external funding and liaising with the National Lottery Heritage Fund for permission to support delivery of the activity programme, the digital programme and the exhibition programme.
- 28 The Lumiere festival took place between the 18 and 21 November with a programme of 37 international artworks. For the first time, the festival was spread across the county to encourage visitors to explore other parts of the county and extend the economic benefits the event brings. In a change from previous years, the controlled City centre area of Lumiere was ticketed for the entirety of the

festival each night to manage audience numbers as part of measures in place to offer a safe experience.

- 29 Following cancellations due to the pandemic last year, Bishop Auckland Food Festival (7-8 August) and Seaham Food Festival (2-3 October) both returned this year and are just two of a number of events helping to showcase the county's cultural offer as part of the council's bid to become UK City of Culture 2025. Both events were a huge success, attracting thousands of visitors to the area, and more than 100 traders from across the county and beyond. The festivals not only provided a significant boost to businesses trading both at the festival and the towns themselves but provided a much needed boost to the region's economic recovery from the impact of COVID.
- 30 Durham Book Festival took place between 9 and 17 October, returning to live events following a digital-only offer last year due to the pandemic. Writers, performers and thinkers from across the world participated in more than 60 events, either in person at the Gala Theatre or online. The festival aimed to be fully accessible to every audience member by captioning events in the theatre and ensuring all digital content was either captioned (video) or transcribed (audio).
- 31 The 2021 Heritage Open Days took place during September, though much reduced from previous years due to COVID, 37 properties participated in the event attracting over 6,000 visitors. Five new venues took part in this year.
- 32 During quarter two there were nearly 150,000 visitors to Hardwick Park and 40,000 visitors to Wharton Park.
- 33 The new hub, Crimdon Coastal Hub, delayed due to COVID is forecast for to open in November.
- 34 Investment in Bishop Auckland including the delivery of the Eastern Sustainable Access Corridor will provide the infrastructure needed to manage and direct the visitors to the Auckland Project's annual programme of events and also peak season traffic to its year-round visitor attractions. The corridor will provide direct access from the A1(M), avoiding traffic congestion in the town centre. A base transport model for the town is now complete and further work is being undertaken around forecast modelling to determine an options assessment report, economics and preliminary design and planning application.
- 35 The corridor will provide dedicated provision for pedestrians and cyclists; and connect to and promote existing routes such as the Auckland Way railway path. Work on the business case will commence late 2021.

Young people will have access to good education, training and employment

36 There has been one Ofsted inspection during the quarter two period. This school (Framwellgate School Durham) was graded 'requires improvement' prior to the visit and following the publication of the inspection report, is now graded 'good.'

37 The role of local authorities in dealing with safeguarding complaints regarding schools has changed in recent years with complainants being required to use the school's published complaints policy. Once a complainant has exhausted the school's procedure then the matter may be escalated to Ofsted, who request the local authority to investigate. There have been ten qualifying safeguarding complaints made to Ofsted relating to Durham schools during quarter two. This compares to two in the same period last year, but there were ten during quarter two in 2019. The increase from last year is quite significant and could be a result of the impact of the pandemic, given most children and young people were accessing virtual learning rather than attending schools during quarter two 2020 and therefore their social interaction with staff and peers was somewhat limited.

38 The Educations and Inspections Act 2006 places a statutory responsibility on all local authorities to make arrangements to identify children missing from education (CME) in their area. The local authority, schools and partner agencies have developed a protocol to enable escalation of any case to establish the whereabouts of a child before the school can delete the child's name from the school register. The protocol includes referral to children's social care, police, NHS and other local authority services to ensure children moving between areas are tracked, in appropriate cases.

39 In quarter two, 81 students were referred to the local authority.

Successfully tracked	60
Moved within county. School transfer discussions ongoing	5
Processing as admissions to schools in Durham	4
Moved out of county. Relevant local authorities informed	3
Referred for school attendance enforcement action	3
Elective home education registrations pending	2
Tracing via information held with partner agencies	2
Awaiting an appeal hearing for a school application	1
Abroad. Due to return	1
Total referrals	81

40 Attendance rates were 90% across all settings on 17 June 2021, however, they declined locally and nationally in the last four weeks of the school year 2020/21 around the same time as there were increases in infection rates associated with emergence of the COVID-19 delta variant and consequently school bubble

closures. These trends were mirrored for vulnerable groups where rates of attendance for those with a social worker and those with an Education, Health and Care Plan (EHCP) were both 85% on 10 June 2021.

- 41 Across the academic year 2020/21, 189 children and young people were supported to return to school and as year 11 pupils became non-compulsory school age as of 25 June these factors resulted in a local overall decrease in local Elective Home Education (EHE) figures. Overall numbers continued to remain low at any point in the quarter at approximately 0.6% of the school age population. Staff continue to support families to return to school where this was the preferred choice of families and a multi-agency EHE panel continues to support EHE children and young people via meetings, safe and well calls and other checks.
- 42 The Early Years panel considered 64 requests for early years SEND Support, an increase of 40 (166%) on the previous year and six requests to initiate statutory assessment with five (84%) agreed in comparison to one request being agreed the previous year. As this quarter includes the end of the academic year it is timely to highlight that 350 children were supported across the academic year, an increase of 35 (11%) on the previous year, with 96 statutory assessments being initiated, three times as many as the previous academic year (32 initiated).
- 43 Support has continued to be provided to young people during the summer period, as they completed academic programmes. The latest data (August 2021) shows that the proportion of young people (aged 16-17) not in employment, education or training (NEET) is 6.6%, which equates to 708 young people from a cohort of 10,677. This compares to an average of 3.1% for England and 5.3% for the North East. It is important to note that DurhamWorks have been identifying young people and moving them to a NEET destination during this period in order to register them on the programme, so that they can receive appropriate support at the earliest opportunity. However, this does result in an increase in the proportion of young people who are NEET compared to other periods during the year. It also results in a lower proportion of young people whose current destination is not known and the rate in County Durham remains low – 2.4%, compared to an average of 5.6% in England and 7.3% in the North East.
- 44 A significant amount of work is currently being undertaken to ensure that young people who completed Years 11 and 12 at the end of June 2021 have a confirmed offer in education or training. This is known as the ‘September Guarantee’. The proportion of young people undertaking an apprenticeship continues to be higher in County Durham – 5.8% compared to an average of 4.2% for England.

Fewer people will be affected by poverty and deprivation within the county.

- 45 More households contacted Housing Solutions this quarter than during quarter one and compared to the previous 12 months. The majority of areas within the service have seen an increase in numbers, with Housing Officers seeing a 20% increase in presentations since quarter one. The overall increase for quarter two represents the largest quarter to quarter increase since 2019.
- 46 Many households are now presenting as homeless or facing homelessness due to the lifting of the eviction ban from 1 October which has reverted the notice period back to two months. The Private Rented Sector Team saw a rise in complaints of disrepair and illegal eviction allegations in September that may be linked to the eviction ban ending. Our Stop Before You Serve Scheme is continuing to assist landlords who are contemplating serving eviction notices.
- 47 We are still seeing high levels of rough sleepers, during the quarter, 160 were reported and 58 were found and assisted. Levels are similar to the same period last year however the needs of rough sleepers have been found to be more complex. Additional staff have been secured to focus on issues around mental health and other substance related problems. We have also supported more rough sleepers into long term accommodation this quarter and it is anticipated this trend will continue as further properties become available through the County Durham Lettings Agency and the ability to house people through the private sector and other supported accommodation providers, such as Changing Lives and Jigsaw.
- 48 Work continues to increase suitable accommodation for rough sleepers and those with complex needs. A bid has been submitted to Homes England and the Department for Levelling Up, Housing and Communities (DLUHC) for £556,262 to convert Shildon People's Centre into four flats and deliver a further ten lease and repair properties in 2022/23. Six properties have also been leased to date via the Local Lettings Agency with 16 waiting to be completed. Negotiations are also ongoing with property owners to purchase a further 18 properties through the Contain Outbreak Management Fund (COMF) initiative. However, a volatile housing market and lack of supply of the correct type of properties has seen a delay in delivery of our Move on Fund designed to help free up supported accommodation. New procedures to source properties have been established and dedicated staff have been identified to take this forward. To date, four properties have been refurbished with a further one in progress and two in acquisition stage.
- 49 Quarter two has seen a 71% increase in the number of new households placed in temporary accommodation compared to quarter one however, this is 17% less than the same period last year. Increases have been seen in relation to where the applicant has been asked to leave by family or friends (+50%), and domestic

abuse cases (+16%). The position is constantly monitored and reviewed to ensure households are not accommodated for a long period of time. This is reflected in the length of time a household is placed in temporary accommodation decreasing this quarter by seven days compared to quarter one.

- 50 The rise in energy costs has seen an increase in the number of fuel debt cases to our Management Money Better (MMB) Initiative. Such cases are very complex and time consuming which has meant a decrease in the number of households assisted during the quarter. In previous quarters, assistance was predominantly standard fuel switching cases which take less time to assist. The rise in fuel costs and market failure of a number of energy suppliers has resulted in fewer fuel switching opportunities. It is anticipated that requests for assistance to MMB will increase during quarter three and the situation will be monitored to predict spikes in demand. The average saving per household as a result of advice provided by MMB has increased during the quarter and is mainly due to fuel debt write-offs and Warm Home Discount applications.

Long and Independent Lives

- 51 The ambition of Long and Independent Lives is linked to the following key objectives:
- (a) Children and young people will enjoy the best start in life, good health and emotional well-being;
 - (b) Children and young people with special educational needs and disabilities will achieve the best possible outcomes;
 - (c) County Durham will have a physical environment that will contribute to good health;
 - (d) We will promote positive behaviours;
 - (e) Health and social care services will be better integrated;
 - (f) People will be supported to live independently for as long as possible by delivering more homes to meet the needs of older and disabled people;
 - (g) We will tackle the stigma and discrimination of poor mental health and build resilient communities.

National, Regional and Local Picture

- 52 Life expectancy for residents of County Durham has reduced and this reflects figures both for England and the North East region. The release of these data coincides with a report from [Imperial College London](#) which found that, in the five years prior to the pandemic (2014-2019), life expectancy across the country went down in almost one in five communities for women, and one in nine communities for men.
- 53 Recently published data from the Active Lives survey (May 2020 to May 2021) clearly shows the continued impact of the pandemic on people's ability to take part in sport and physical activity. In line with the national trend, reported levels of 'inactive' participation (<30 minutes a week) increased from the previous 12 months and is above national average (27.5%). With regard to 'active' participation levels (150+ minutes per week), we remain relatively static (at 58.7%) compared to the previous 12 months but below national average (60.9%).
- 54 The latest CO₂ emission results released for 2019 show a reduction across the county of 54% on 1990 levels. The CO₂ tonnage on a per person basis shows that County Durham equates to 4.11 tonnes per person; lower than the North East at 4.49 tonnes and England at 4.24 tonnes.

Think Family

5,661 families turned around
(2015 - Sep 21)

following intervention...

2,242 workless families progressed to work

2,730 families reported reduced mental health issues

1,025 families reported reduced substance misuse

4,937 families achieved significant & sustained outcomes
(2015 -Sep 21)

% EHCP completed within 20 week time period



Adult Social Care

175.0

per 100,000 adults aged 65+ admitted to residential or nursing care
(Apr-Jun 2021)

88.3%

of patients discharged into reablement/ rehabilitation services still at home after 91 days
(Jan-Jun 2021)

77.1%

of service users receiving an assessment or review within the last 12 months
(Apr-Sep 2021)

94%

of individuals achieved their desired outcomes from the adult safeguarding process
(Apr-Sep 2021)

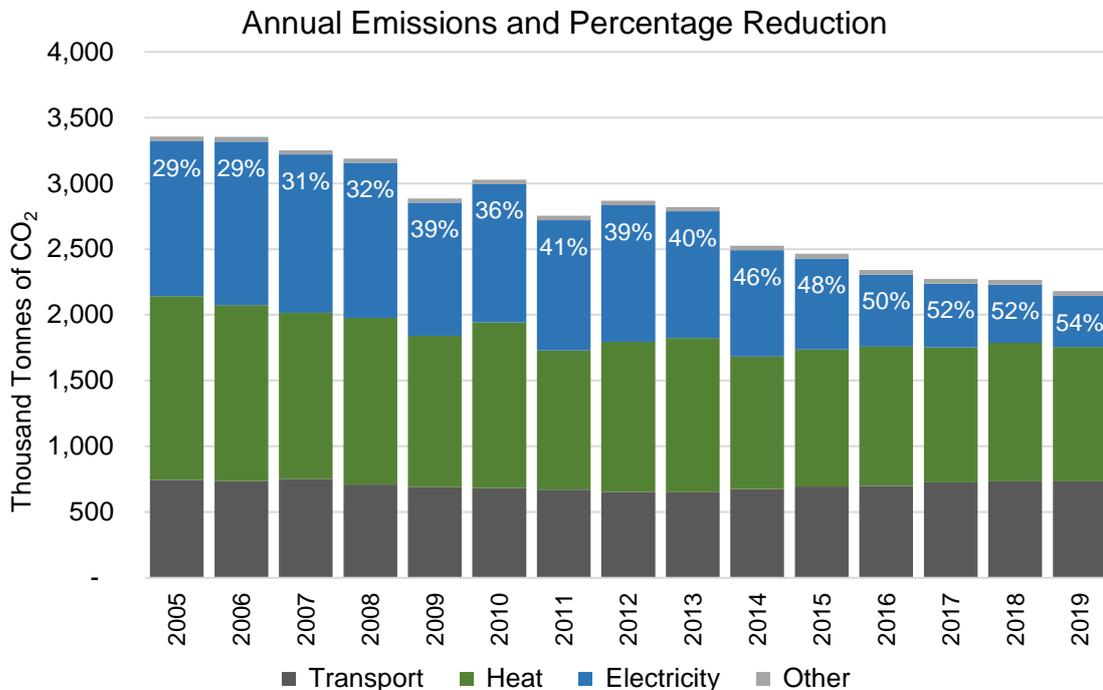
worse than last year

better than last year

similar to last year

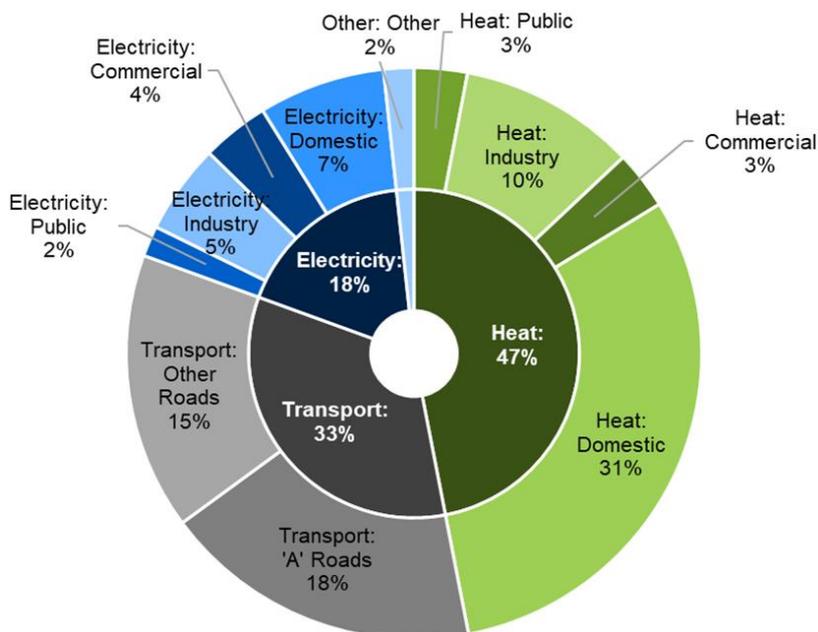
Not comparable

55 The greatest source of emissions is heat at 47%; with domestic heating being the highest sub-category at 31%. To contribute to achieving our carbon emissions targets, households across the county must reduce their gas use, this could be achieved by the equivalent of around 20,000 households fully decarbonising, or everyone using about 8% less coal, gas or oil; this is achievable in part through improved home insulation.



56 Emissions from transport has reduced slightly since 2005. Transport emissions make up 33% of the county’s total carbon emissions. Replacing around 24,000 vehicles with ULEV or reducing fossil fuel vehicle mileage by 8% over two years would keep us on track to achieve our carbon neutral county target. This could be achieved if everyone reduced their personal vehicle use, walked, cycled or used public transport more and avoided unnecessary travel through use of remote working and video conferencing.

57 Emissions from electricity have reduced from 35% in 2005 to 18% in 2019. In the main this is due to the decarbonisation of the grid moving from fossil fuels to renewable energy sources.



Council Services

Children and young people enjoying the best start in life, good health and emotional well-being

- 58 The Join In programme, a locality-based physical activity programme, supports children, young people and their families in communities. It focuses on the following three key age groups: early years; primary; and secondary school age and beyond (10-18 years).
- 59 COVID-19 has had an impact on the delivery of the service, which is delivered through face to face group sessions. Whilst limited provision of the programme has taken place during the pandemic, the early years element of the service (Ready Sett Go) has recommenced in 20 early years settings and each runs for 10 weeks.
- 60 As part of the Active 30 programme two projects have commenced, funded through the Contain Outbreak Management Fund. A targeted approach for primary schools in the top 20% most deprived areas of the county has been developed, to engage young people in deprived communities in physical activity. This aims to engage children and families through their schools and to embed these healthy behaviours at home.
- 61 The second project aims to promote physical activity opportunities to young people and families through a daily TV broadcast. Active North East works with Active 30 partners to film tailored and targeted, age-specific content with local young people, schools and clubs. These sessions are broadcast twice per day to

encourage young people and families to take part in 10-minute active blasts, either at school or at home.

A physical environment contributing to good health

- 62 Work to develop a physical activity strategy for County Durham is currently being undertaken by the Physical Activity Strategy Committee. The strategy is being developed with stakeholder engagement across the system. Two further workshops are scheduled to be held in November 2021, with the strategy being presented to the Health and Wellbeing Board in January 2022.
- 63 The Active 30 Durham programme was relaunched to education settings on 16 September 2021. The programme now has a focus on 'getting active in the community' to encourage wider partners, such as the voluntary and community sector and holiday activity with food providers, to access a range of resources to embed physical activity and well-being activities into delivery. A launch event provided education settings with an overview of the campaign for the new academic year. Thirty two schools have signed up to the programme during quarter two and work is ongoing to promote the programme across the county.
- 64 The Holiday Activity with Food programme continues to be delivered through Area Action Partnership (AAP) locality-based provision, contracted provision (area-based and countywide) and Durham County Council service providers (including schools, culture, sport and leisure services and 0-19 family centres). Over the 2021 summer holidays, more than 100 projects were delivered through AAPs, schools and family centre hubs. These included swim activity camps, including free swimming, healthy food and snacks.
- 65 Young people were encouraged to visit our leisure centres during summer holidays with free summer pool activities for children and young people aged 18 and under living in County Durham. Activities ranged from fun with inflatables to general swimming and was aimed to encourage children and young people to have fun and be more active.
- 66 Swimming pools in the county have received the highest possible rating following an inspection by the Royal Lifesaving Society. The charity recently completed its annual audit of our pools and gave them an overall rating of excellent. The inspection, which included a detailed review of the pool at the Louisa Centre, looks at equipment, staff skills and experience and the delivery of training courses.
- 67 Working with partners through the Climate Emergency Response Plan (CERP), a number of schemes are underway or are in development to reduce carbon emissions across the county, including the installation of electric vehicle charging points, the Business Energy Efficiency Programme which last year provided

support for 97 businesses, housing retrofit schemes at Chilton and Dean Bank, the installation of air source heat pumps in off gas communities, the exploration of mine water heat at Seaham Garden Village, blue carbon schemes, a bike loan scheme, the restoration of peatlands in the North Pennines and the roll out of high speed broadband. We are currently working with partners to review progress and develop the second CERP.

- 68 In October, Cabinet formally adopted the Local Cycling and Walking Infrastructure Plans (LCWIPs) for Chester-le-Street, Durham City and Newton Aycliffe; the first of 12 which the council has committed to producing in order to prioritise investment in walking and cycling infrastructure and encourage active travel. It is hoped this will help double the number of cycling journeys, significantly increase walking, reduce the number of cyclists killed or injured each year and increase the percentage of school children who walk or cycle to school.
- 69 The plans will also support ambitions to develop active travel more broadly across the county, building on a number of infrastructure schemes, projects and campaigns already in place to encourage more people to walk and cycle. Chester-le-Street, Durham City and Newton Aycliffe have been chosen as the first three towns as they are sited on the line of the Great North Cycleway, linking the north and south of the county.
- 70 As well as improving the walking and cycling infrastructure across the county, the plans will also help the council to apply for further funding, with the Government prioritising financial support for authorities that have developed such plans. Following the completion of the first three plans, funding has already been secured from the Government's Active Travel Capability Fund to continue the work in nine other towns across the county: Barnard Castle, Bishop Auckland, Consett, Crook, Peterlee, Seaham, Shildon, Spennymoor and Stanley. A town-based approach has been chosen because of the rural nature of the county, enabling more people to walk and cycle more often for every day journeys.
- 71 A free bike loan scheme supporting workers to save money and healthier travel is being rolled out across County Durham. Following the success of a pilot in Shildon last year, the Borrow a Bike scheme has now launched at Abbey Sports Centre, as part of Cycle September. Open to anyone who lives or works in Framwellgate Moor, Pity Me, Newton Hall and Brasside, it aims to support people returning to their workplace to travel actively and sustainably and improve their health and well-being. The scheme offers residents a complimentary bike loan for three months alongside equipment, training and support. Four more sites are set to open in the coming months, with the roll-out being funded as part of our action plan to tackle the climate emergency. Borrow a Bike will also be further developed to include a wider range of bikes and more facilities at the collection and storage points.

- 72 The current diversion from landfill rate is 90.1% for the 12 months ending June 2021, a decrease on the previous year (96.8%). A number of factors have led to the increase of waste going to landfill including the higher levels of waste and planned maintenance at the energy from waste plant. The capacity in the waste system usually is able to offer an alternative facility when the planned maintenance is scheduled however, the increased volumes of waste being experienced across the country due to COVID restrictions has resulted in reduced spare capacity. In the period July 2020 to June 2021, 276,876 tonnes of municipal waste was collected and disposed of, equating to over one tonne per household, this was an increase of 27,579 tonnes (11%) on the previous year.
- 73 The current recycling rate for the 12 months ending June 2021 is 38.1%, a decrease from 39.4% for the previous year. However, there has been some improvement in recent months as within quarter one there was a 3.1 percentage point improvement compared to last year. The amount of household waste collected remains high with 248,967 tonnes being collected and disposed of in the last 12 months, a 7% increase on the July 2019 to June 2020 period. This is a result of COVID restrictions during this period and continued changes in behaviours following the lifting of restrictions.
- 74 The current contamination rate of household recycling is 35.8%. In the last 12 months 7,795 notices have been issued for contaminated bins. This is a reduction of 22% on the previous period (Oct 2019 to Sep 2020) of 9,997. A number of campaigns are underway including the small electrical recycling project which continues to grow with almost 50 collection points across the county. Over four tonnes of small electrical and battery operated items have been collected so far. The project was shortlisted for the LARAC 'Best New Idea' award 2021 and for the National Recycling 'Local Authority Success' award 2021. In addition, as part of our partnership with Keep Britain Tidy, the 'Ted Says' (please don't put any nappies in your recycling) project has been shortlisted for a MRW National Recycling award for 'Campaign of the Year'.

Promoting positive behaviours

- 75 The Tobacco Control Alliance has continued to deliver against its dedicated action plan and has maximised the opportunity to address the negative outcomes around COVID for people who smoke. This included the implementation of a comprehensive communications plan helping to raise awareness of the impact of COVID on smokers.
- 76 Our Stop Smoking Service has maintained business continuity plans to ensure that the service has remained operational throughout the pandemic. A blended approach to service delivery has continued, to maintain client engagement via

telephone consultations as the predominant method of support and distributing nicotine replacement therapy (NRT) through e-vouchers.

- 77 Support to treat tobacco dependency in pregnancy has continued during the pandemic and data from the Stop Smoking Service demonstrate an increasing number of clients referred and accessing the service to stop smoking. A proposal for a new incentive scheme to support pregnant women is being developed. Enhanced NRT / behavioural support for pregnant women and their significant others is also being extended beyond the standard 12-week programme.
- 78 The Alcohol and Drug Harm Reduction Strategy Group (ADHRSG) has continued to meet on a quarterly basis during the pandemic and has proved a valuable network during COVID-19, with an opportunity to share updates with partners and work collaboratively to help reduce the harm of alcohol and drugs. The 2021/22 action plan has been refreshed with partners and was presented for approval to the ADHRSG with implementation ongoing.

Better integration of health and social care services

- 79 The Suicide Prevention Action Plan has been updated for 2021-24 and the Suicide Prevention Alliance continues to review it on a quarterly basis, bringing together a range of partners to support delivery of the plan. The Time to Change Hub also continues to provide small grants and funding opportunities, and the latest round of funding commenced in quarter two 2021/22.
- 80 The Real Time Data Surveillance system indicates that the number of suspected suicides in 2020 remains comparable to previous years, with 59 in 2020, 45 in 2019 and 66 in 2018. This rate continues to be monitored as the challenges of the pandemic continue to unfold.

People will be supported to live independently for as long as possible

- 81 The adult social care service went live with AzeusCare, a new case management system on 23 June 2021. This coincided with the start of the quarter two reporting period. Whilst the transfer over from the old case management system, SSID, has been very carefully managed, there has always been an expectation that performance data would likely be affected by the transition.
- 82 The percentage of service users assessed or reviewed in the last 12 months fell from 86.7% at quarter one to 77.1% at quarter two. This is due to the increased administrative work placed upon social workers by the system change. Forms in SSID would be pre-populated by data already known. Whilst historic SSID records have been transferred over to AzeusCare, the difference between the systems meant it was not possible to pre-populate AzeusCare forms with historic SSID data. This has resulted in social workers being required to complete

assessment and review forms in their entirety. Once data has been inputted into AzeusCare it, like SSID, also pre-populates forms with known data. Once the administrative burden lightens, performance is expected to improve.

- 83 Latest data on the rate per 100,000 population of adults aged 65+ admitted on a permanent basis to residential or nursing care is not available, this is due to the implementation of the new system, we are aiming to report it later in the year.
- 84 Latest data for the percentage of older people remaining at home 91 days after discharge from hospital into reablement services are the highest (88.3%) for over two years and significantly higher than the figure from the same period last year (82.5%). This percentage has continued to rise during the pandemic. We also continue to perform better than national and regional averages.
- 85 In terms of individuals achieving their desired outcomes from the adult safeguarding process we continue to perform well. 94.0% achieved their desired outcome and, whilst this is a slight deterioration from 94.4% over the same period last year, it remains similar to previous quarters.

Tackling the stigma of poor mental health and building resilient communities

- 86 Durham County Council and key stakeholders developed a programme of events to mark World Mental Health Day on 10 October 2021. This year's theme was 'Mental health in an unequal world'. The programme included events held internally and across the region, many of which are delivered by our colleagues in the voluntary and community sector. For 2021, these included partnership roadshow events; things to do for World Mental Health Day; social media campaigns; community engagement activities; provision of anti-stigma training; and the promotion of real life accounts from community members with lived experience.
- 87 Public Health continues to work with partners to deliver the North East Better Health at Work Award (BHAWA) and 79 organisations are now signed up to the award programme, reaching over 40,000 employees. In 2021, County Durham was recognised as having recruited the highest number of workforce health advocates.
- 88 We now hold the 'Continuing Excellence' status for the BHAWA and work is ongoing to present a portfolio of evidence in support of an application for 'Maintaining Excellence' status. During quarter one, the council launched a staff health and well-being survey and this has been completed by approximately 2,500 staff. The survey results will be released in quarter three.

Connected Communities

89 The ambition of Connected Communities is linked to the following key objectives:

- (a) All children and young people will have a safe childhood;
- (b) Standards will be maintained or improved across County Durham's housing stock;
- (c) Our towns and villages will be vibrant, well-used, clean, attractive and safe;
- (d) People will have good access to workplaces, services, retail and leisure opportunities;
- (e) Communities will come together and support each other;
- (f) Delivery of new high-quality housing which is accessible and meets the needs of our residents.

National, Regional and Local Picture

90 During the 12 months ending September 2021, there was a 7% decrease in recorded crime compared to the previous year, equating to more than 3,600 fewer crimes. Although reductions were across most crime categories, the decrease was more noticeable across theft-related offences, including vehicle crime, which has reduced by almost 30% and shoplifting which reduced by more than 15%.

91 The Government has announced that a Levelling Up White Paper is expected in autumn 2021. This is anticipated to detail further criteria in relation to future Levelling Up Fund rounds and wider expectations around a package of measures to level up opportunity across all parts of the UK through policy approaches, specific funds and interventions including growth deals, freeports and the UK Shared Prosperity Fund. Cabinet has already agreed to submit bids for schemes in rounds two and three, making full use of the total of £120m potentially available.

92 The 2021 town centre and retail park surveys were undertaken in June and July. The annual exercise looks at the occupancy rates and the type of occupiers of the major retail and leisure destinations within County Durham. In some instances, occupancy rates have increased over the past year, most notably at Spennymoor, Tindale and Seaham.

	Occupancy Rate (%)		Difference
	2020	2021	
Barnard Castle	90.70	90.10	-0.60
Bishop Auckland	77.40	72.30	-5.10
Chester-le-Street	87.10	85.50	-1.60
Consett	90.50	86.90	-3.60
Crook	92.20	88.60	-3.60
Durham City	83.60	83.80	0.20
Ferryhill	90.00	91.10	1.10
Newton Aycliffe	77.70	73.80	-3.90
Peterlee	73.20	67.70	-5.50
Seaham	90.80	92.70	1.90
Shildon	88.40	84.20	-4.20
Spennymoor	77.50	82.70	5.20
Stanley	83.90	84.20	0.30
Arnison Centre	87.90	79.40	-8.50
Dragonville	97.30	97.70	0.40
Dalton Park	89.70	88.30	-1.40
Tindale	97.40	100.00	2.60
Hermiston	94.10	88.20	-5.90

- 93 Occupancy rates have decreased at most other centres. Of particular note, Bishop Auckland, Peterlee and Newton Aycliffe have the lowest occupancy rates across the county and all have seen quite a big fall in occupancy over the past year. Occupancy rates are now considerably below the national average (85.5%) in these centres. Outside of our town centres the Arnison Centre has seen the largest decrease in occupancy with seven units now vacant.
- 94 During the 12 months ending September 2021, reported fly-tipping incidents reduced by 0.4% compared to the 12 months ending September 2020. The in quarter figure of 1,510 is 24% less than the same period last year. The current numbers of fly-tipping are 12.7% higher than the pre-COVID levels in 2019-20.
- 95 The [ONS Annual Analysis of House Prices](#) explores median house prices in 1,082 towns in England and 104 in Wales looking at how they have changed over the period 2010 to 2020, differences in house prices by region and income deprivation and changes to house prices just before and during the COVID-19 pandemic. The analysis found that the median house price in England and Wales in 2020 was £250,000. The ten towns with the highest prices were in the South East of England and East of England, all within commuting distance to London. The ten towns with lowest median house prices were mining and industrial legacy communities, six of which were in County Durham – Ferryhill, Easington, Shildon, Annfield Plain, Peterlee and Murton.
- 96 In relation to price change between 2010 and 2020, the North East had a much larger proportion of its towns (33%) experience a decline in house prices

compared with the other regions with towns experiencing decline². Ferryhill was identified as the town with the largest decrease in price change of 47%.

- 97 Towns which had higher income deprivation experienced slower growth over the decade from 2010 to 2020 compared with lower deprivation towns and this trend continued over the COVID-19 pandemic period.

Council Services

All children and young people will enjoy a safe childhood

- 98 Formal [feedback from Ofsted](#) was received on 23 August 2021 following the Focused Visit in July 2021. We have developed an action plan in response to the recommendations made and have shared this with Ofsted.
- 99 Referrals to children's social care are generally lower over the summer and we did not see a spike in September as we often do when children return to school following the summer holidays. The last 18 months have been very different for children in school and there were staggered starts in some schools and we continue to closely monitor referrals as levels were high in both October and November in 2019.
- 100 Domestic abuse remains the most common reason for referrals into children's social care, followed by neglect and physical abuse. COVID and complexity of cases has led to an increase in children and young people who are open to statutory social care teams.
- 101 This has impacted on the social worker caseloads, and some have higher caseloads than we would want. Senior managers are aiming to address this with service redesign and continued close work with colleagues in early help. The council continues to support children's social care to recruit staff over-establishment.
- 102 A key area for improvement which we have focused on since 2019/20 was reducing the re-referral rate. This means children who are referred back into children's social care who had a previous referral in the last 12 months. This has decreased to 19% from 28% in 2019/20, and is now lower than in our national, statistical and regional neighbours.

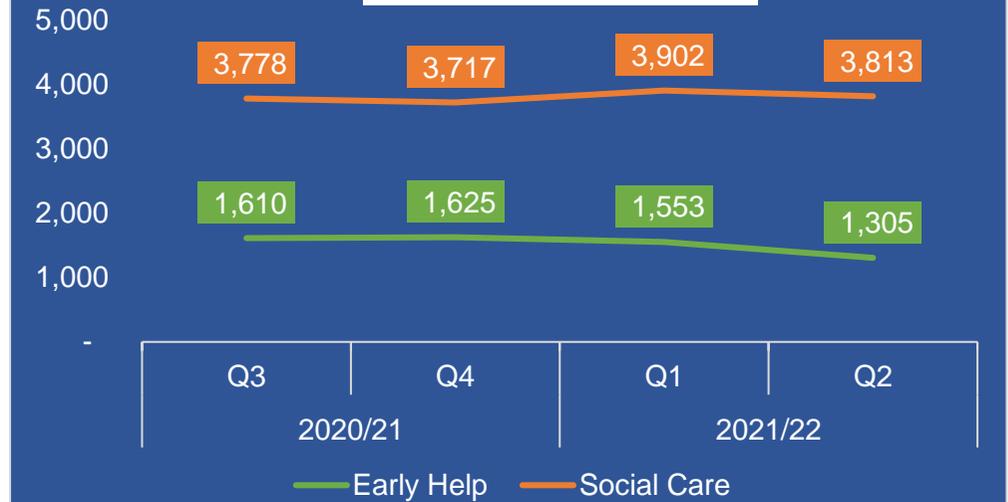
² Other regions with towns experiencing decline: Wales (4%), the North West (2%) and Yorkshire and the Humber (1%)

CONNECTED COMMUNITIES

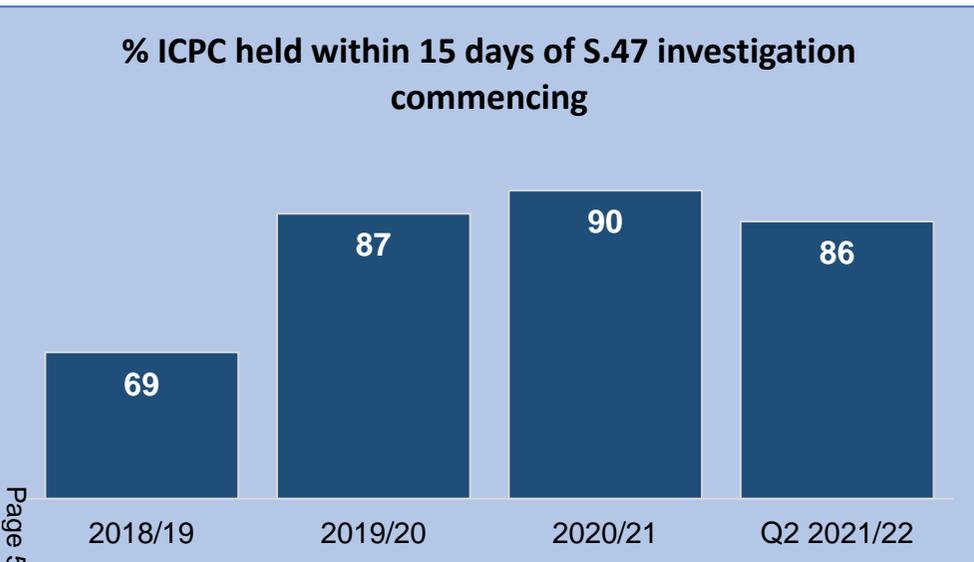
Referrals



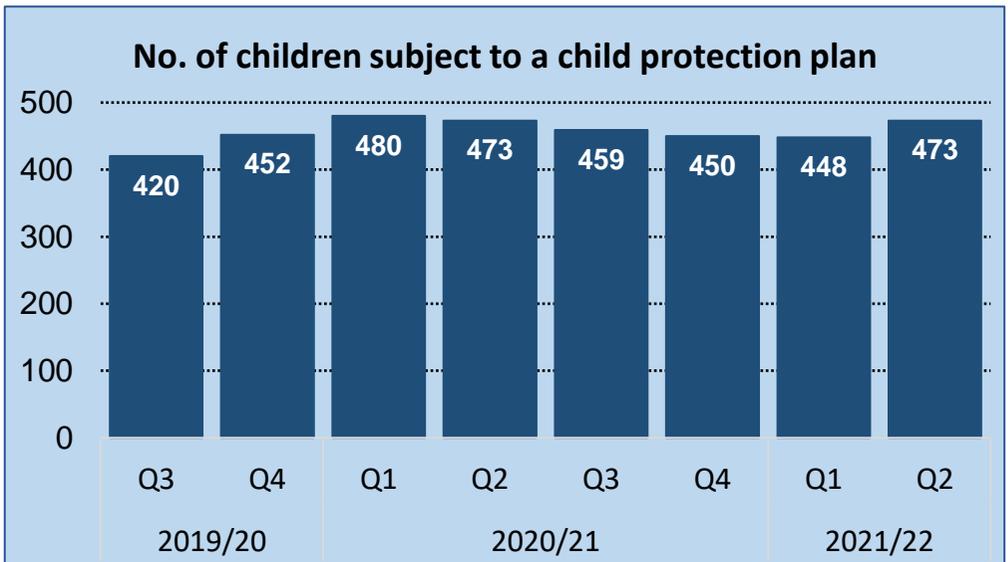
No. of open cases



% ICPC held within 15 days of S.47 investigation commencing



No. of children subject to a child protection plan

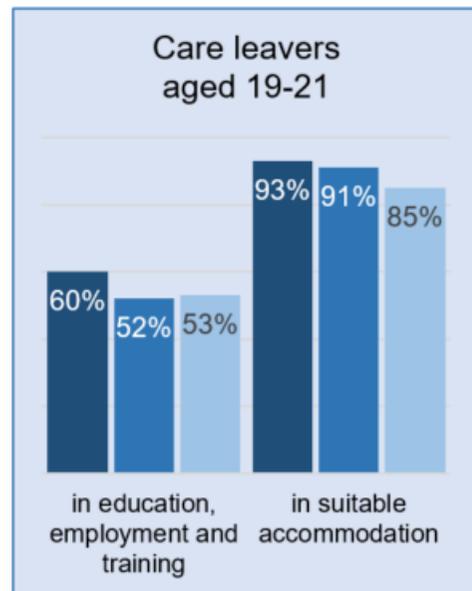
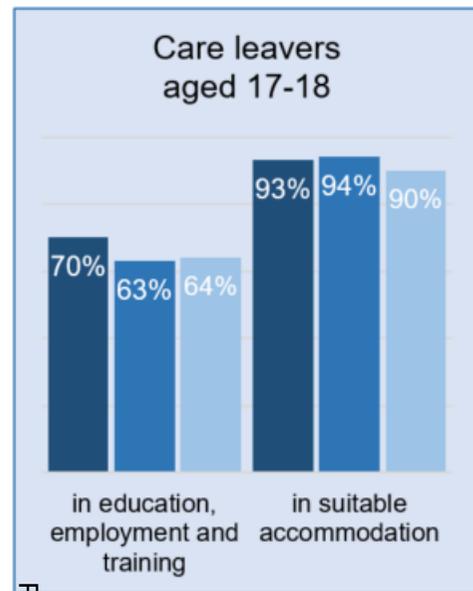
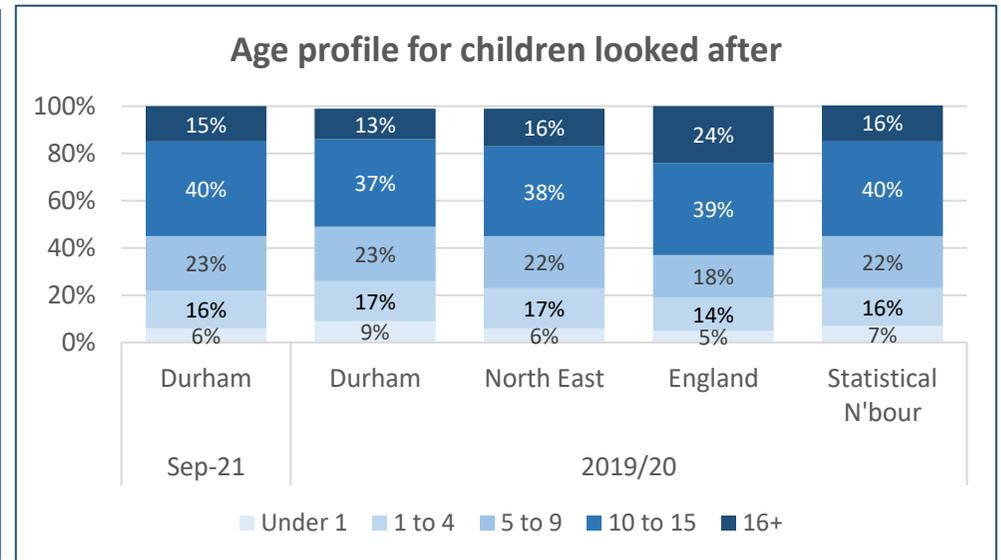
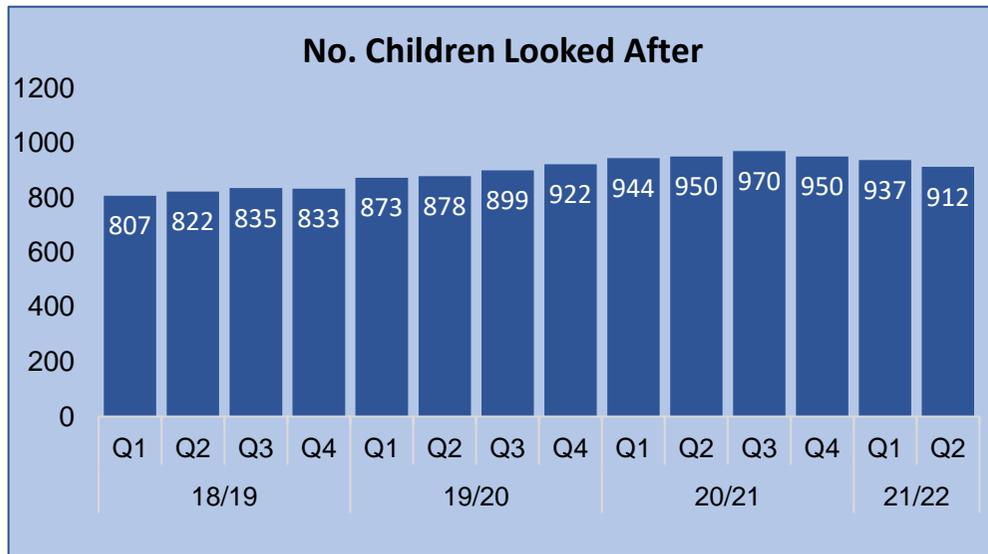


- 103 Whilst the number of children in care across the county has reduced following increases during COVID due to the inability for children to leave care due to court closures etc., we are experiencing significant placement pressures.
- 104 We continue to progress our Residential Care and Fostering Transformation Programmes with the aim of increasing in-house capacity through recruitment and retention of foster carers and longer-term development of new council children's residential homes.
- 105 The national 'Supporting Families' programme (formerly 'Troubled Families') and known in County Durham as 'Stronger Families' is on the first year of a possible three year extension and this will be confirmed in the Government's 2021 Spending Review.
- 106 Across County Durham, since the programme commenced in April 2015 we have supported 5,661 vulnerable families in achieving sustained positive outcomes. We are confident we will exceed our 2021/22 target of turning around 761 families having already reached 75% of this target (571 families).

Our towns and villages will be vibrant, well-used, clean, attractive and safe

- 107 Work is underway to develop masterplans for Peterlee and Newton Aycliffe which includes how occupancy can be increased within these centres. Masterplans are also being carried out for Stanley, Chester-le-Street and Crook. Bishop Auckland has been successful in securing bids through the Stronger Towns Fund and the Future High Streets Fund with the aim of addressing the recent decline in the town centre.
- 108 A free public wi-fi scheme in Durham City is expected to go live by the end of the financial year. Further roll out of the scheme to Crook, Spennymoor and Consett continues. The scheme encourages people to spend more time in our town centres and boost the local economy; as well as providing valuable anonymous information, which can then be used to shape future regeneration projects.
- 109 In September, Cabinet agreed the site selection for the Leisure Transformation Programme for Bishop Auckland and Chester-le-Street. Further due diligence is required on the Seaham site.

CONNECTED COMMUNITIES



■ County Durham ■ North East ■ England

Where our children in care live

In-house foster care	43%	Independent living (incl. supported lodgings)	4%
Independent fostering agency	18%	Placed for adoption	4%
Friends and family	14%	In-house residential (incl. children's homes)	4%
Placed with parents	7%	NHS/ Health Trust	<0.5%
External residential (incl. children's homes and res school)	6%	Secure (incl. YOI and prison)	<0.5%

- 110 To help deter fly-tipping, during the period July 2020 to June 2021, 2,581 fly-tipping enforcement actions including further investigations, covert CCTV camera deployment, stop and search operations and issuing of Fixed Penalty Notices has been undertaken. This is a 32% increase on the previous year (1,950 actions). The proportion of incidents that have had an enforcement action during this period is 35%, an increase on the previous year which was 26%.
- 111 Our Community Action Team recently focused on South Moor dealing with rubbish accumulations, empty properties and pests. Working in partnership, 269 issues were logged with 91 legal notices served on 32 properties. A door knocking confidence questionnaire took place with 176 households participating and the results have been used to shape future work in the area.
- 112 With the easing of COVID restrictions over the summer some face to face road safety education and training has taken place with communities and individuals following COVID-safe guidelines. School based road safety education continues to be offered using a range of online curriculum linked resources as schools are predominantly focused on catching up with core curriculum learning and some education settings are still restricting visitors onto their sites.
- 113 In partnership with the County Durham and Darlington Road Safety Group, we supported Project EDWARD (Every Day Without A Road Death) during the week commencing 13 September. This is an annual UK-wide road safety campaign supported nationally by the National Police Chiefs' Council and the National Fire Chiefs Council. As part of Project EDWARD, the School Gate Parking initiative is now adopted in over 40 schools across the county.
- 114 After being temporarily stopped due to the pandemic, the Safer Driving with Age (SAGE) driving assessment restarted in July, Designed to help residents over-55 drive safely as they get older, SAGE consists of a 40-minute session with a qualified driving instructor who provides feedback on ways to make their driving safer.
- 115 Both water safety forums, responsible for managing water safety in the city centre and countywide, met during quarter two. The multi-agency groups reviewed risk assessments and planned controls for open water across the county, with a particular focus on Durham city centre.
- 116 The City Safety Group made progress against the revised action plan which was agreed and implemented in quarter one. A student induction week sub-group was formed and tasked with safety related planning for the induction week in early October 2021. Members of the task and finish group included representatives from the police, fire and rescue service, university, licensing, and neighbourhood wardens.

- 117 There was extensive communications and awareness campaigns targeted at public safety in open water and cold water shock via the council's dying to be cool campaign.

Communities will come together to support each other

- 118 Over the last 12 months there has been an increase of approximately 10.7% in the number of ASB incidents reported to the council. Most of this increase has been within nuisance, mainly noise incidents which account for 60% of all nuisance; and enviro-crime, mainly litter incidents which account for 44.2% of all enviro-crime and has seen a 39.2% increase in the last 12 months.
- 119 Following the recent month on month increase in police reported alcohol related ASB, with quarter one being higher than the last two years, this has shown a reduction during quarter two, and is back to pre-COVID levels.
- 120 Although there was a 6% reduction in domestic abuse incidents reported to the police during the 12 months ending 30 September, we remain concerned about the proportion of domestic related violence against the person offences that involve alcohol. During quarter two, demand for victim services was 30% higher than the same period last year and our specialist provider continues to report quarter on quarter increases. In addition, clients are presenting with more complex issues (especially mental health) so cases are taking longer to resolve.
- 121 Daily multi-agency screening of all domestic abuse incidents continues to be jointly undertaken by children's services, child health and police staff from the multi-agency safeguarding hub (MASH). Sharing information and decision making reduces any delay for children who need to be safeguarded. Almost 3,000 incidents have been screened in the last 12 months.
- 122 A wide range of activity has been undertaken through the multi-agency problem solving (MAPS) teams across the county. Examples of these include the clearing of the former Wheatley Hill Greyhound Stadium to prevent further arson and vandalism; target hardening locations in Wingate and Seaham to prevent access to quad bikes and unauthorised encampments; installation of shutters, fencing and anti-graffiti paint at the Old Board School at Stanley to prevent further incidents; and working with a local landowner at Shildon to target harden an area that was being used as an unauthorised encampment.
- 123 The council previously agreed to be part of the government funded Afghanistan Relocation and Assistance Programme (ARAP) and families have now started to arrive into County Durham as part of this scheme. In order to help the families settle into their new homes, and come to terms with the significant life changing events the council is working alongside a range of partners, including faith groups, the voluntary sector as well as comprehensive engagement with a

number of social landlords, to help ensure their transition to life in Durham is as positive as possible.

Delivery of new high-quality housing which is accessible and meets the needs of our residents

- 124 Phase one of the Targeted Delivery Plans (TDP)³ have all been approved. Wheatley Hill TDP is in the final stage of development and will be submitted for delegated approval in November alongside a proposal for the approach to the future progress of TDPs. TDPs form part of our Housing Strategy to improve the county's housing stock and wider residential environmental issue and focus on issues that are relevant to each area, including addressing long term empty homes.
- 125 Chapter Homes has completed construction of 67 new homes located at Oakerside Drive in Peterlee. Only seven homes are left to be reserved with the remaining 60 at reservation or sold stage. This is in line with expectations and on target to complete all sales by the target date of end of March 2022. External works are now progressing to ensure roads and open space are to an adoptable standard. Work continues on the Gilesgate site to construct 60 new homes by July 2022, with the new show home launched in September.

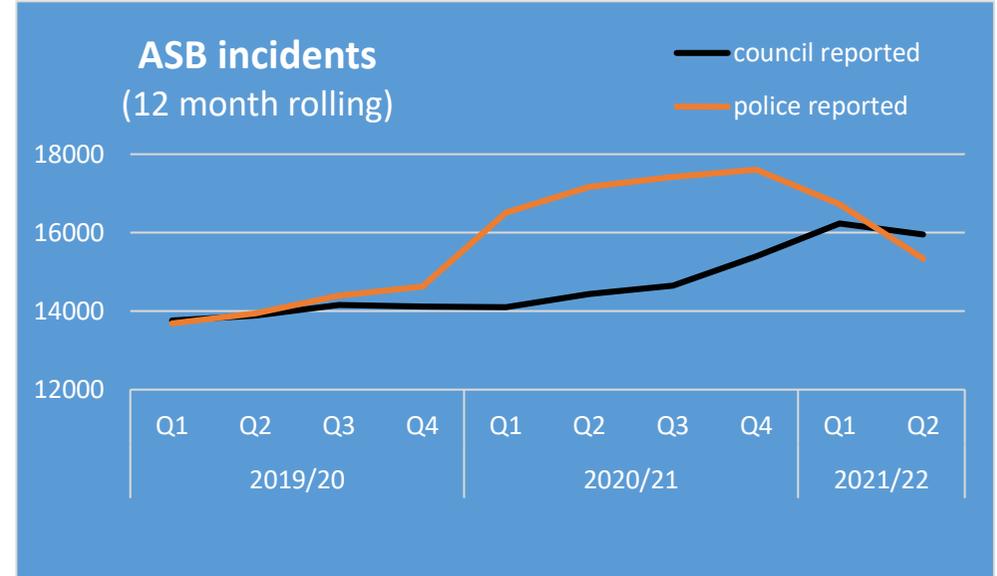
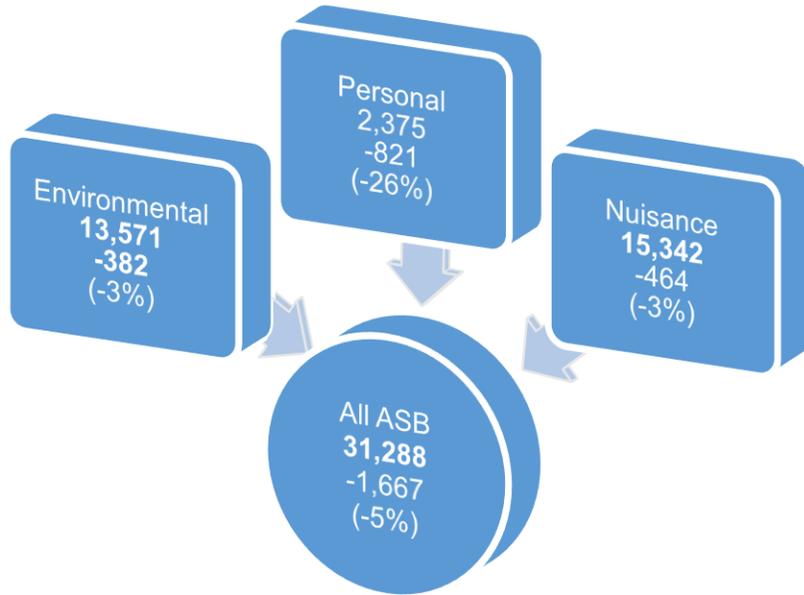
Standards will be maintained or improved across County Durham's housing stock

- 126 The number of empty properties brought back into use as a result of local authority intervention has almost doubled this quarter. The increase is due to the go live of the Northern Eastern project that has brought 17 single bed supported units in Spennymoor into use, 14 properties back into use via the Local Lettings Agency and one via Move on Fund. Other local authority intervention brought 22 empty properties back into use.
- 127 During the quarter, 279 households benefitted from energy efficiency measures, with total external grant funding of £436,800. The national ECO regulations have been amended resulting in more complicated procedures for ECO contractors which is slowing down contractors processing applications and installations.

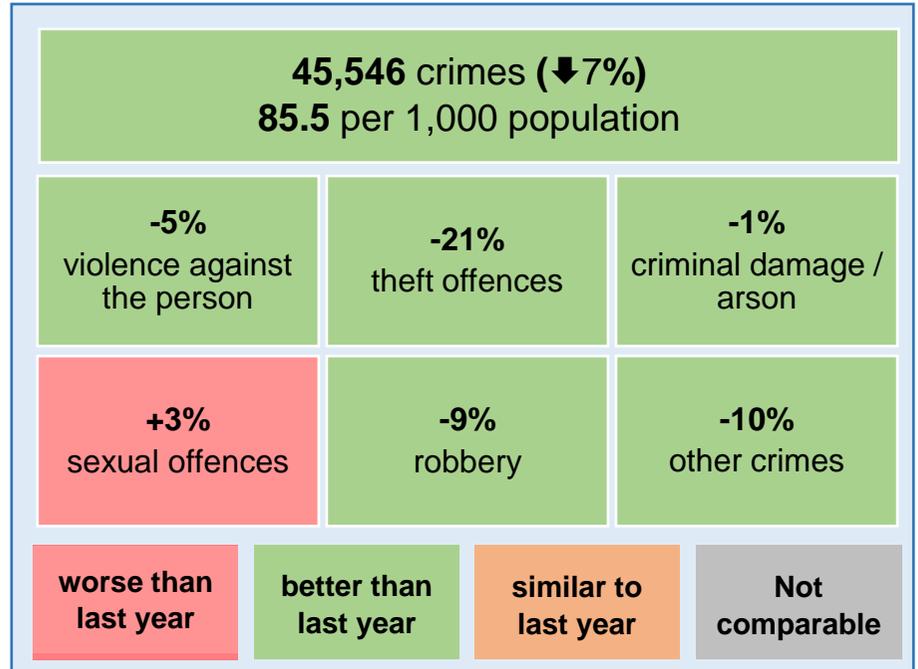
³ New Kyo, Coundon Grange, Blackhall Colliery South, Thickley, Deneside East and Stanley Hall West

CONNECTED COMMUNITIES

Police and council reported ASB



		12 months ending		Change	
		Sep 20	Sep 21		
Deliberate primary fires ¹	all	495	429	-66	-13%
	relating to road vehicles	316 (64%)	296 (69%)	-20	-6%
Deliberate secondary fires ²	all	1,857	2,047	+190	+10%
	relating to rubbish	1,055 (57%)	1,155 (56%)	+100	+10%



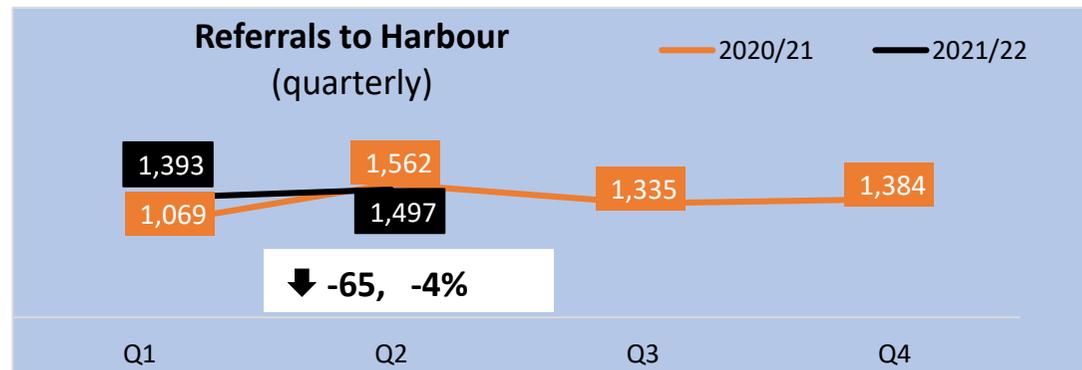
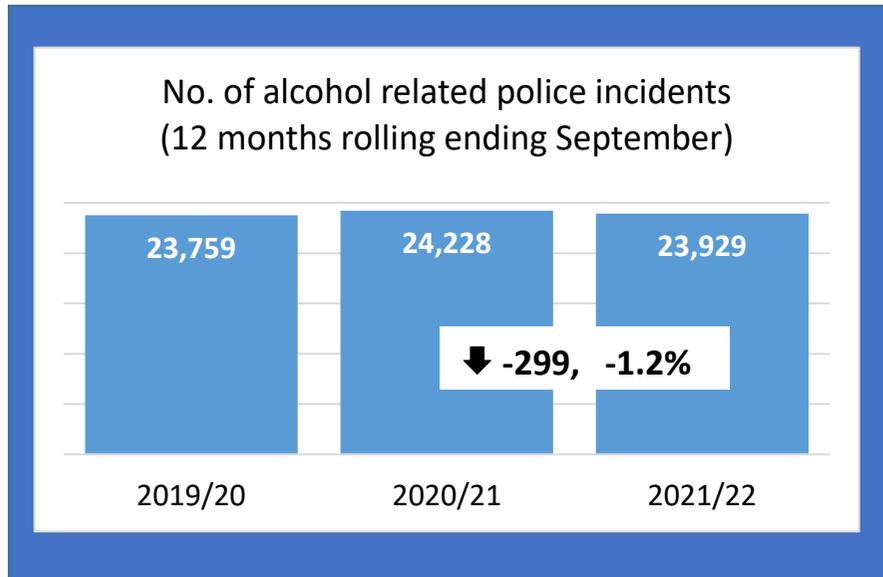
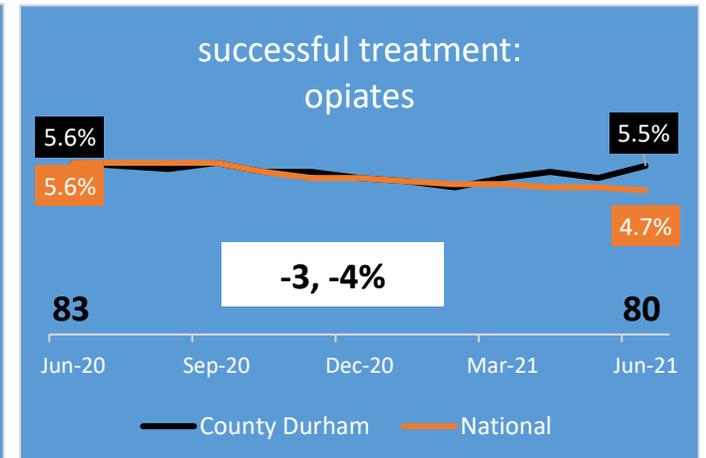
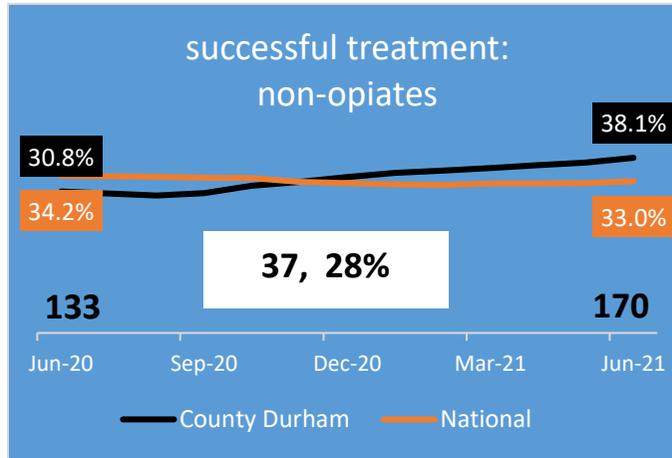
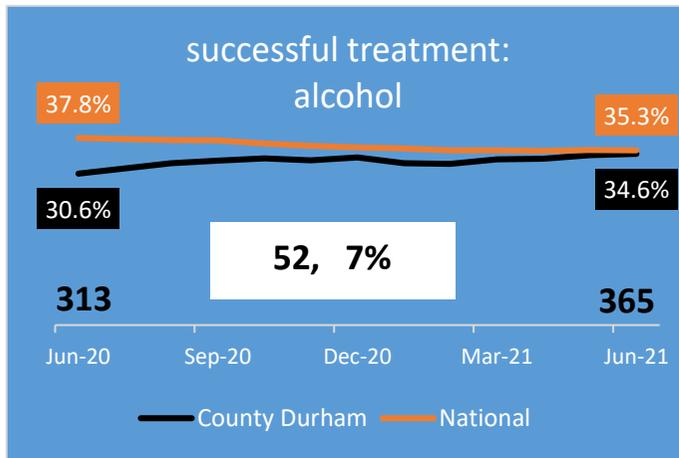
¹ more serious fires that harm people or damage property
² generally small outdoors fires

- 128 During quarter two, no decision was received from Government on our application for a selective licensing scheme. This means the implementation date for the scheme, if approved, has been moved to February 2022. However, this is dependent a decision being received by the end of October 2021 as a three-month notice period is required before licences can be issued. It should be noted that if a decision is not be received by end of October, the go live date for the scheme will need to be amended further. Despite the delay, work continues to ensure everything is in place for once a decision has been received.

People will have good access to workplaces, services, retail and leisure opportunities

- 129 The National Bus Strategy was launched in March 2021, setting out Government's vision for the future of bus services including the requirement for all Local Transport Authorities (LTA) to commit to working with bus operators to develop an Enhanced Partnership (EP). An EP is a statutory partnership between one or more LTAs and their local bus operators that sets out how they will work together to deliver a Bus Service Improvement Plan (BSIP). The BSIP will need to set out how current arrangements meet the council's aspirations, and highlight what improvements need to be delivered through the EP and the investment plans of LTAs and bus operators. While detail of funding is pending further clarity from Government, it is anticipated that the BSIP will act as a bidding document to influence the share of the £3 billion transformation funding the region will receive from Government.
- 130 While the responsibility and power to make an EP lies with the North East Joint Transport Committee (NEJTC), the council, whilst not the Local Transport Authority, has a key role to play in the process with both its delegated transport functions and as Highway Authority as well as being a constituted member of the NEJTC. The publication of a BSIP is a key milestone in the process of development and implementation of an EP and it will be key that this plan reflects the needs of people in County Durham. As an enabler to engagement, a 'Vision for Buses' document has been compiled collaboratively with North East bus operators and members of the NEJTC and will provide evidence that engagement has been undertaken with the public and other key stakeholders. To extend this engagement, Local Bus Boards are also proposed, allowing local representatives to meet with bus representatives to increase understanding between the parties involved.

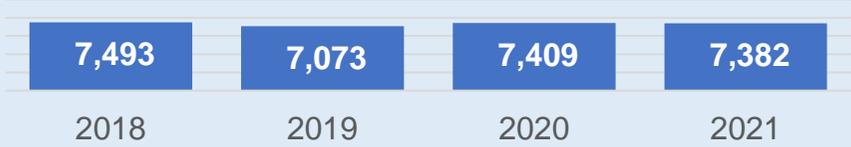
CONNECTED COMMUNITIES



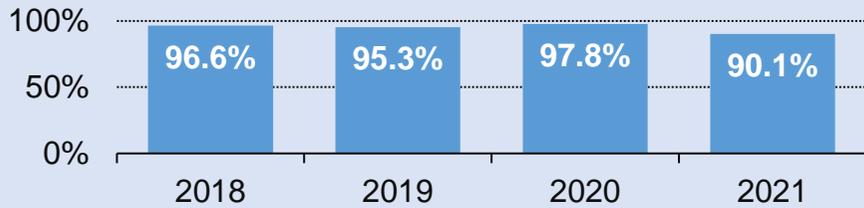
CONNECTED COMMUNITIES

89 868

reported fly-tipping incidents (12 months ending 30 September)



municipal waste diverted from landfill



household waste re-used, recycled or composted



dry recyclable household waste collected from the kerbside which is contaminated



Road traffic collisions

- Killed
- Seriously injured
- Slightly injured

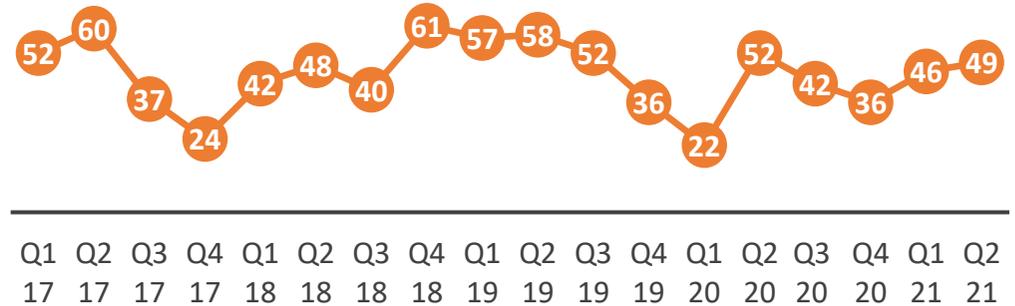
All casualties Oct 20-Sep 21 (Oct 19-Sep 20)

- 15 (20)
- 173 (162)
- 494 (577)

Children Oct 20-Sep 21 (Oct 19-Sep 20)

- 0 (1)
- 21 (15)
- 51 (54)

Serious Injuries



Fatalities



- 131 New Elvet Bridge re-opened at the end of October. The scheme has seen the northern joint repaired and the southern joint completely removed, extensive concrete repairs carried out and an electronic concrete protection system installed to provide additional protection for the years to come. Waterproofing and drainage works have been completed and surfacing of the bridge deck was undertaken.
- 132 The 2021/22 winter maintenance season commenced in October. Prior to the start of the season, a review of the 2020/21 season was undertaken, upgrades were carried out on the weather stations and the Winter Maintenance Plan and Policy were updated. Surveys were undertaken on the salt barns and repairs completed prior to salt replenishment commencing. Issues continue around salt deliveries as a consequence of HGV driver shortages, with an outstanding delivery of 4,500 tonnes of salt expected by the end of November.
- 133 Performance in relation to the proportion of category 2.2 highway defects being repaired within three months dropped below target throughout July to September due to an increase in the number of category 2.1 highway defects identified; meaning resource had to be diverted to more urgent works. This peaked in August with over 1,000 extra category 2.1 defects repaired compared to July.
- 134 As part of the [Restoring Your Railway 'Ideas Fund'](#) we have secured funding for three projects:
- *Consett to the Tyne* – following the award of £50K as part of the second round of funding to consider the feasibility, a strategic outline business case is currently being developed and will be submitted to the Department for Transport (DfT) shortly.
 - *Ferryhill Restoration (Teesside to Ferryhill)* – following the award of £50K as part of the second round of funding to consider the feasibility, a strategic outline business case was submitted to DfT in October. The Ferryhill station would utilise the existing Stillington line, currently only used for freight services, to create a passenger rail service running from Ferryhill to Teesside.
 - *Darlington – Durham Dales via Bishop Auckland* – we have been awarded £50K as part of the third round of funding. The money will help partners to develop an early stage proposal for plans to join the Bishop Auckland and Weardale railway lines. This study will consider the possibility of providing passenger rail access from the current heritage station to Darlington and the wider national rail network, potentially enabling communities to be better connected and supporting ambitious regeneration plans along the 31-mile heritage corridor.
- 135 As part of a wider programme of developments around Durham City, including Riverwalk and Milburngate, with an aim of improving the economic prosperity of Durham City as well as transport infrastructure and links to towns and villages

across the county, work has commenced on the new Durham Bus Station. The development will provide a welcoming transport hub for the city and will significantly increase the amount of space for passengers, will include improve toilet and baby changing facilities and improved security. The design will fit within the historic nature of its surroundings and includes a range of sustainable materials, as well as being fit for future greener transport options. Issues with a party wall agreement has delayed the programme of works, however, construction is due to recommence before the end of 2021 with completion expected in spring 2023.

- 136 Throughout the pandemic, we have maintained support to ensure that services such as school transport continued. The COVID-19 Bus Services Support grant was provided to support local bus services, this ceased in September and was replaced by a Bus Service Recovery grant which is available to operators and local transport authorities until 31 March 2022.
- 137 Following this, any future funding for the local bus network will be via an any funding we receive via the Enhanced Partnership process. With regard to school transport, an additional Dedicated Home to School and College Transport grant was available between September 2020 and July 2021.

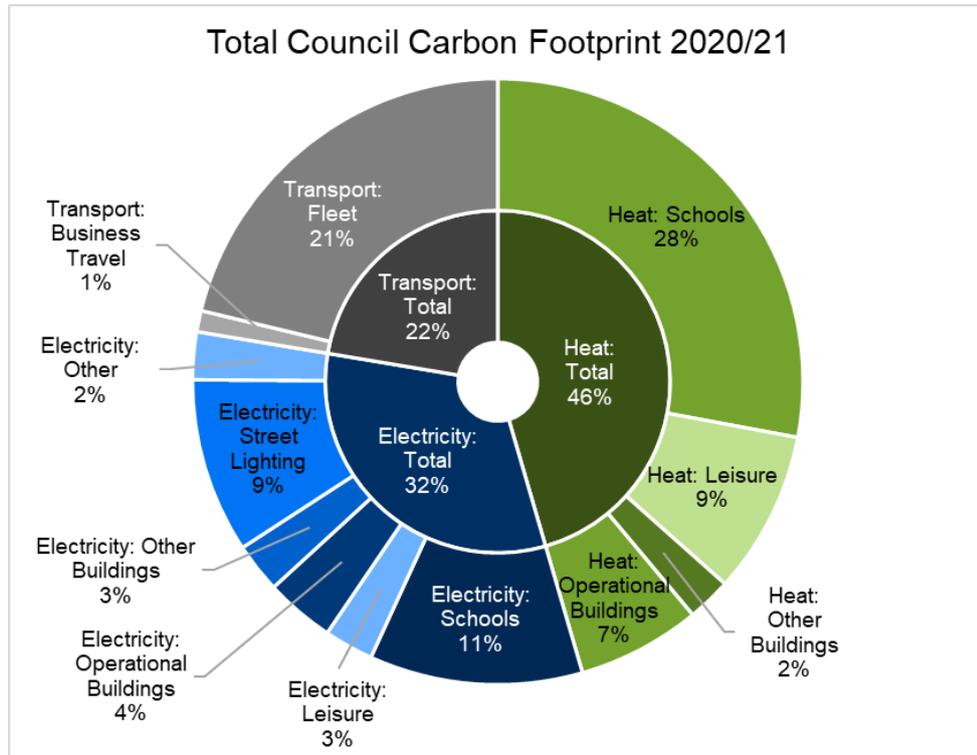
An Excellent Council

- 138 The ambition of an excellent council is structured around the following key objectives:
- (a) Our resources will be managed effectively;
 - (b) We will create a workforce for the future;
 - (c) We will design our services with service users;
 - (d) We will use data and technology more effectively
 - (e) We will actively performance manage our services.

Our resources will be managed effectively

- 139 The council continues to face significant financial pressure resulting from the pandemic. The additional costs incurred and loss of income are presently forecast to be around £24 million this year, offset by COVID-19 related underspends (relating to closure of facilities and disruption to normal service activity as a result of the pandemic) of £7.5 million – a net overspend of £16.7 million, which is presently within the forecast circa £17.2 million the council expects to receive from the Government to cover the financial impact of the pandemic.

140 The council's 2020/21 carbon footprint is made up as follows:



141 We continue to tackle heating issues with better heating controls, insulation, and low carbon heating systems. The level of fleet emissions will be addressed in coming years as we transition to electric vehicles.

142 The following table shows the changes in emissions from the 2009 baseline:

% change in CO ₂ emissions from council activity			
	tCO ₂ e		% difference
	2008/09	2020/21	
Social care	6,125	597	-90%
Business mileage	4,083	499	-88%
Street lighting	17,353	4,133	-76%
Electricity distribution	3,996	1,127	-72%
Secondary school	17,353	5,835	-66%
Leisure and culture	13,270	5,008	-62%
Operational buildings	11,229	4,538	-60%
Primary schools	16,332	9,710	-41%
Other schools	3,062	1,850	-40%
Miscellaneous	2,042	1,613	-21%
Fleet	11,229	9,409	-16%

143 Our buildings mainly use gas for heating and electricity to operate. Electricity in the grid is becoming less carbon intensive, and we have worked to improve the

efficiency of equipment in our buildings including gas boilers. It has been more difficult to drive reductions within schools as they have their own delegated budgets. A proportion of the reduction across social care is due to outsourcing (as more services are outsourced, we will adjust the baseline).

- 144 The reduction in street lighting has been achieved through decarbonisation of the electricity grid and replacing almost all of our street lights with LED lighting through the street lighting energy reduction project.
- 145 Miscellaneous includes a number of very small buildings such as community rooms. In the past, we prioritised larger buildings such as offices and leisure centres for energy efficiency works as it is more cost effective.
- 146 We continue to reduce emissions through actions set out in our Climate Emergency Response Plan (CERP). Actions include, installing solar panels and LED lighting; developing a solar farm, battery storage and charging posts at Annfield Plain (zero carbon depot project); developing a new building energy management system to improve the control of energy; only using electric vehicles as pool cars; purchasing of an electric refuse vehicle, intend to monitor how well it performs on refuse routes.
- 147 Although the pandemic significantly impacted the collection of both council tax and business rates during 2020/21, gross payments in the latest quarter are higher than the same period last year. The withdrawal of Retail Relief for COVID-impacted businesses in June has led to the re-billing of many accounts.
- 148 We reinstated statutory collection for the current financial year on a gradual and cautious basis. Whilst there are still some legal and enforcement limitations in place, we continue offer flexible and supportive options to our residents and businesses. Collection rates reflect a steady improvement.

We will create a workforce for the future

- 149 During quarter two, our teams started returning to offices on a hybrid basis. The process of returning to offices is being phased in over seven weeks to avoid all teams returning on day one and to make appropriate provision for people classified as clinically extremely vulnerable or for whom there are mental health concerns. In exceptional circumstances where we are unable to make appropriate provision, staff will continue to work from home. All staff will be working this hybrid approach by 31 October (subject to government restrictions).
- 150 To acknowledge World Mental Health Day and National Work Life Week, and to recognise the hard work of our teams during the last year, we have awarded council staff an additional day's leave by way of a 'well-being day'.

- 151 Throughout the quarter, we continued to promote support mechanisms available to our staff that would increase emotional resilience and protect mental health – some long-established⁴, others developed in response to COVID-19⁵.
- 152 There were further improvements made to the employee well-being portal during quarter two in relation to increased promotion and the highlighting of key areas such as financial awareness, fertility/bereavement, and the menopause. In relation to menopause awareness eight sessions and 160 training places were arranged and made available for employees for this year.
- 153 Further proactive work was undertaken during the quarter in relation to employee mental health and well-being. This ranged from the preparation of a new employee well-being survey, winter flu campaign delivery, promotion of the employee assistance programme and the launch of a new employee well-being portal on the intranet.
- 154 As a consequence of the restrictions put in place throughout the pandemic (working from home, hand-washing, social distancing) both health and safety incidents and days lost to sickness have remained low, following the easing of restrictions, they have increased slightly.
- 155 Throughout the pandemic, our sickness rate showed a steady decline, reaching its lowest level since 2010/11 at year-end 2020/21. But, over the last six months our sickness rate has marginally increased and is now broadly in line with pre-COVID levels.
- 156 Of the days lost due to sickness during the 12 months ending 30 September, just under 10% was COVID-related (6,780 days) compared to 2% during the same period the previous year (1,666 days). Therefore, if we adjust our sickness rate by extracting sickness due to COVID-19 then our rate remains comparatively low (albeit increased over the last six months) at just over nine days per full time equivalent (FTE).
- 157 Although reductions in days lost have been noted across many sickness types, most notably stress (both work and non-work related), flu / colds, chest infections, strokes, broken bones / injuries, some categories have shown increases in both days lost and number of absences. These categories include cancer, anxiety disorders, back problems, fatigue, respiratory problems, and investigatory operations.

⁴ e.g., [employee well-being guide](#), [Employee Assistance Programme](#), 'mental health awareness for managers' training

⁵ Our well-being portal, CMT vlogs, e-learning courses (including building personal resilience; how to be effective, productive and maintain your resilience; managing remote teams; leading and managing dispersed teams; working at home in extraordinary circumstances)

- 158 We have reinstated our Performance Development Review (PDR) process on a phased top down approach starting October 2021 (leaders, managers then core employees). It is worth noting that although we suspended our PDR process early in the pandemic due to increased pressures on services and changes to our staffing structures (through furlough, redeployment, shielding, illness and self-isolation), managers continued to use existing PDRs as an ongoing support tool, maintaining regular online catch-ups and structured one to one/supervision meetings, reiterating the support mechanisms available and offering flexible working arrangements to any staff who needed them.
- 159 During quarter two, we developed a new approach for the induction of new managers. This includes meet and greet sessions with the Chief Executive and Head of People and Talent management, face-to-face sessions covering our culture and values, access to a new resource centre (via our Durham Learning and Development System) containing lots of helpful information such as training, systems, policies, and contacts.
- 160 We are developing a consultation programme to help us understand the level of digital skills currently in place across our workforce. The resulting baseline will support the development of a corporate digital training offer, and ensure resource is focused to the areas that need it most.
- 161 Our apprenticeship programme remains integral to both workforce development, and addressing current and future skills needs. Around 3.3% of our workforce is currently enrolled in the programme⁶, and the £7.6 million⁷ invested to date has allowed more than 1,100 employees to participate.
- 162 In addition to the 50 apprentices who joined the council in September, we are recruiting to a further 32 apprentice posts with start dates planned between October and December 2021 for successful candidates.
- 163 We have identified 81 job placements⁸ across the council as part of the government's kickstart scheme for young people (aged 16-24) claiming Universal Credit. Ten people have now been recruited and we are in the process of recruiting to the remaining 71 posts.

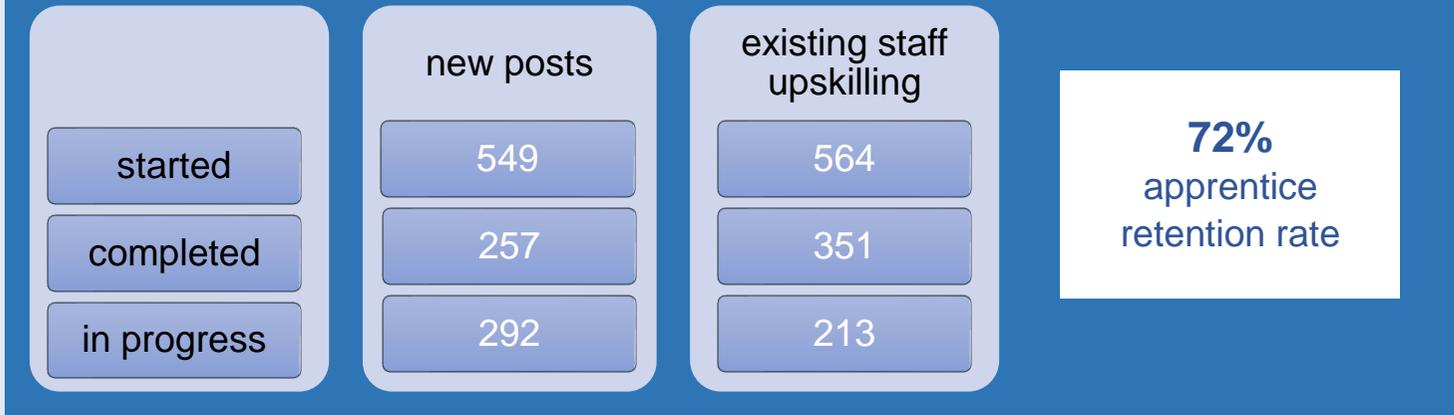
⁶ Made up of 292 apprentices and 213 employees upskilling – as at 30 September 2021.

⁷ invested via the apprenticeship levy since May 2017 - £334,000 has expired (i.e., not used within 24 months of entering our digital account) so was transferred to central government to fund apprenticeships for small employers. This equates to 0.5% of the total fund

⁸ The placements provide opportunities to build confidence, increase skills in the workplace and gain meaningful work experience – thereby increasing their likelihood of going on to find long-term, sustainable work.

Training & Development

1,113 apprenticeships started since 2017



Health & Wellbeing support

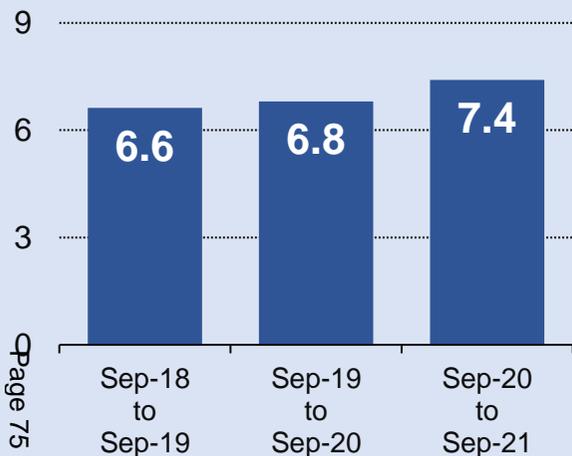
126
routine
physiotherapy
sessions

217
Mental Health
First Aiders

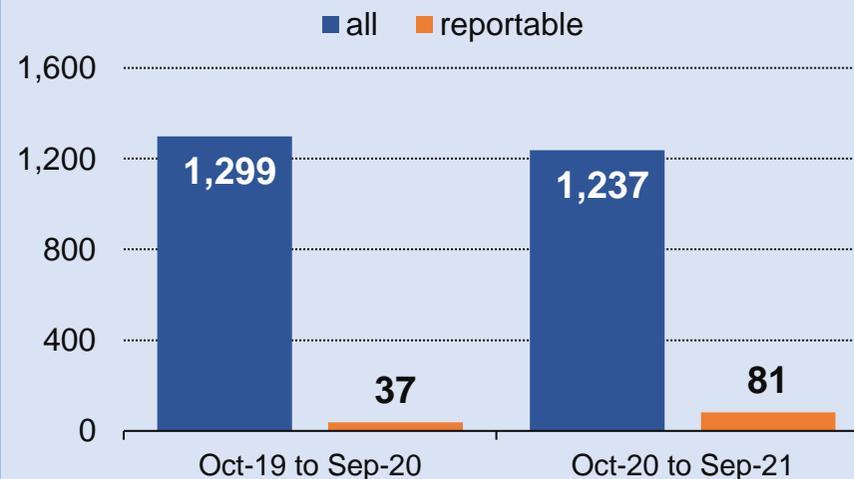
67
Health
advocates

94
Anti-Stigma
Ambassadors

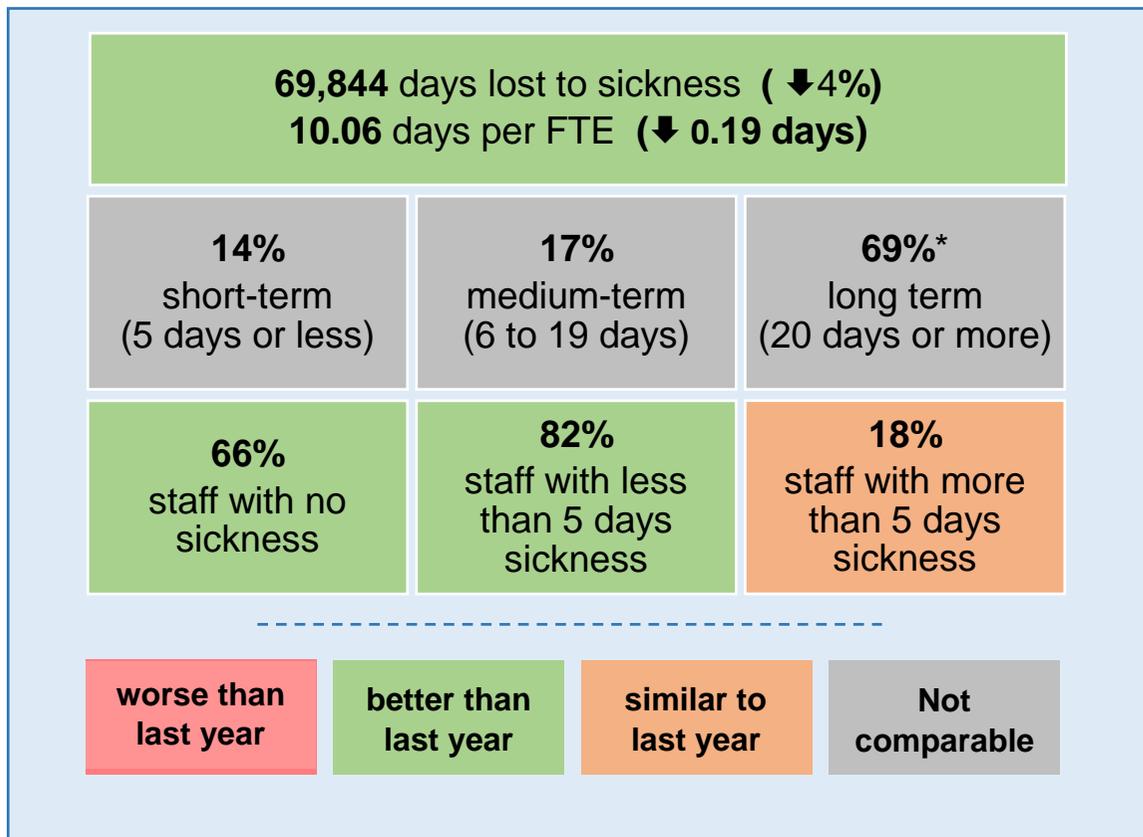
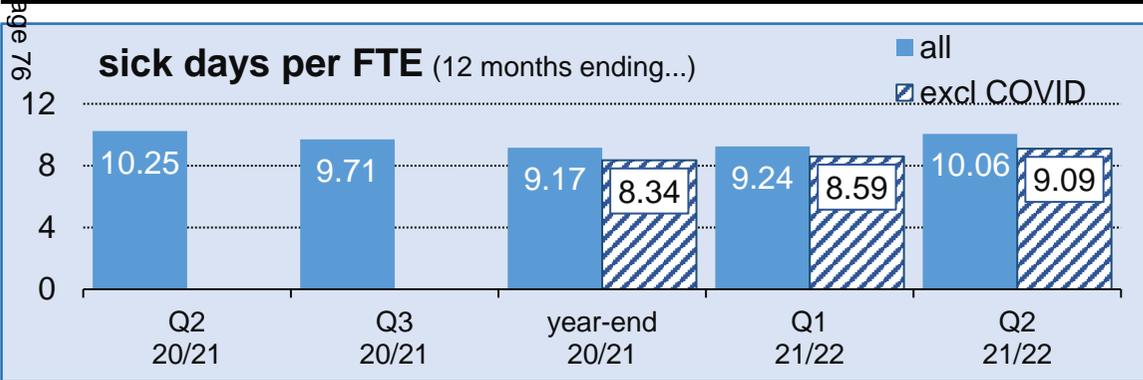
Staff Turnover (excl. school staff)



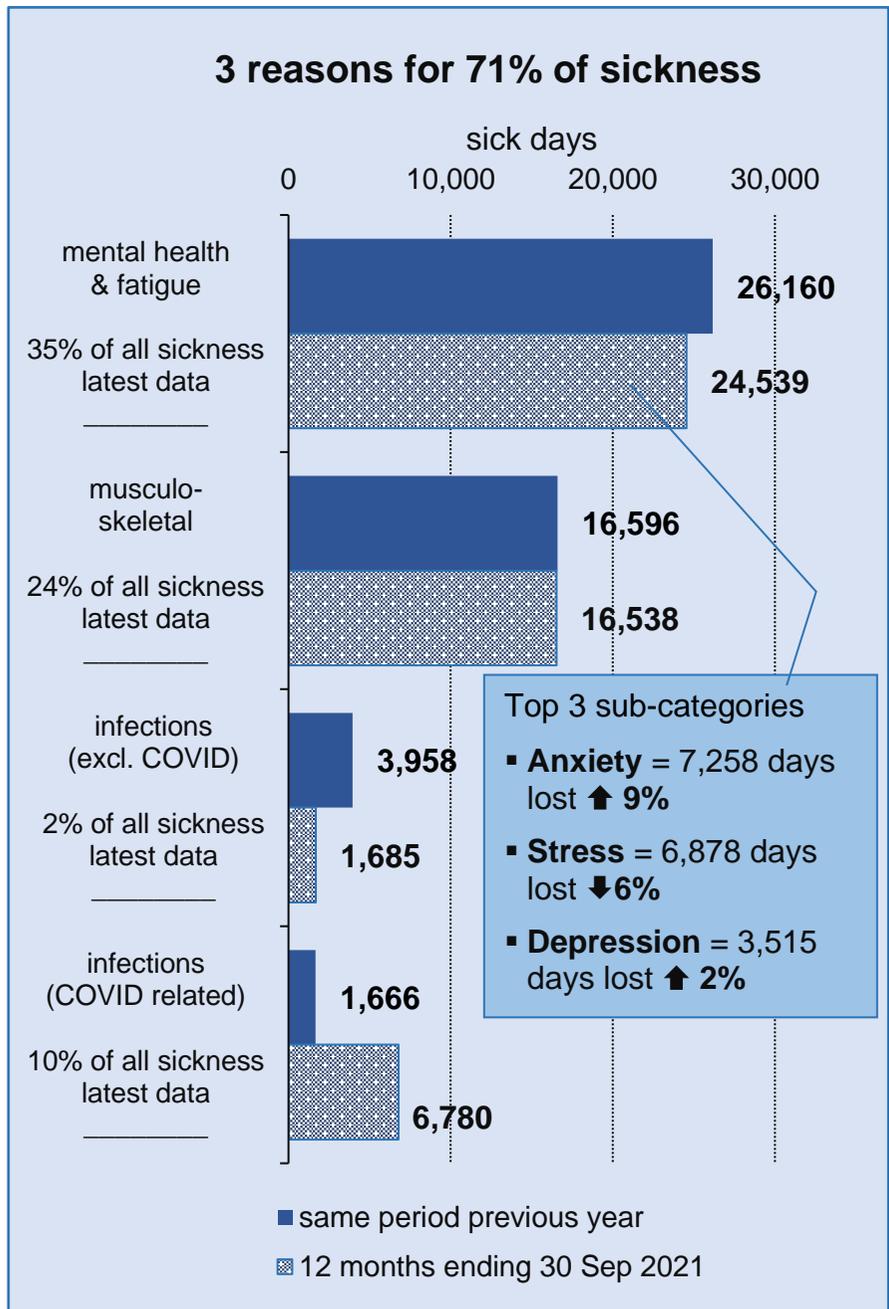
work related accidents/incidents



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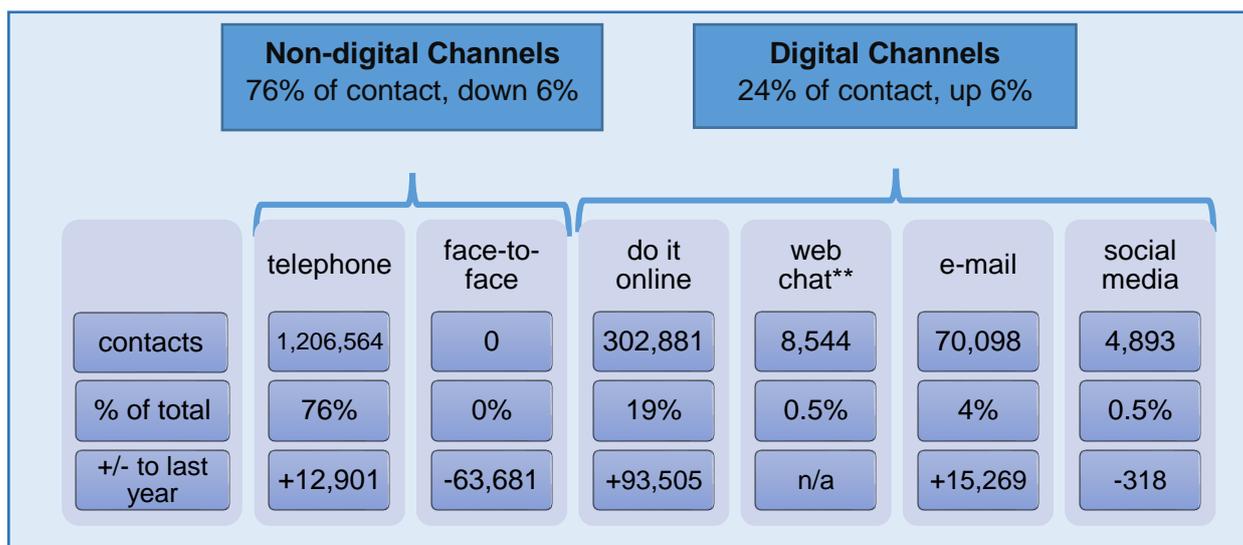


Of 19 cases, 6 have been dismissed and are on notice (as at October 2021)



We will design our services with service users and will use data and technology more effectively

- 164 The ongoing response to COVID-19 continues to shape our customer service offer in terms of new and existing services delivered and the ways in which our customers and residents can contact us.
- 165 Throughout the 12 months ending 30 September 2021, we received almost 1.6 million contacts through our customer services team, as per the infographic below.



Non-Digital Channels

- 166 The telephone remains the most frequently used channel for contacting us, with nearly eight in every ten customers choosing this method. Whilst reported call volumes appear to have increased during the pandemic, this is mainly due to our ongoing initiative to increase and enhance the volume and quality of data we hold and report on by transferring non-ACD lines (calls routed directly to a telephone extension) to our ACD system (calls routed to groups of agents based on a first-in-first answered criteria).
- 167 Historically, only calls received via our ACD system have been included in our telephone statistics. Transferring non-ACD lines to the ACD system not only allows us to develop a customer-focused, one-council approach to service delivery, it allows us to identify opportunities to enhance the customer experience.
- 168 Since the last report, an additional five telephony lines have been transferred to our ACD system (pest control, clean and green, litter, bereavement and MyView),

Digital Channels

- 169 Although the telephone remains popular overall, we continue to see more customers choosing to interact with us via our digital channels.
- 170 During quarter two, more than 22,000 residents signed up for an online account – taking the numbers of residents who engage with us through this method to more than 225,000.
- 171 If we look at the contact channels chosen by customers to log a service request (via our CRM system / customer services), we can see a clear shift from telephone to online.

		proportion of service requests logged by channel – 12 months ending 30 Sep	
		2020	2021
Non digital	Telephone	34%	27%
	Face to face	4%	0%
	Total	38%	27%
Digital	Do it online portal	57%	67%
	Other digital	5%	6%
	Total	62%	73%

- 172 In addition to their online account residents can contact us, at their convenience, through additional digital methods which include, social media (Facebook and twitter), web chat and virtual appointments.
- 173 Our webchat service is now available across more than 30 web pages. Whilst there had previously been a quarter-on-quarter decrease in webchat interactions, over the last quarter webchats increased by 41%, with increases across benefits and council tax (1,039, +60%), COVID-19 support (368, +37%) and general enquiries (542 +31%).
- 174 Generally, just over a quarter of all contact leads to the creation of a service request in our Customer Relationship Management (CRM) system. The remaining three quarters are from customers seeking advice or more information, wanting to be transferred to another team, booking an appointment, or requesting a progress update.
- 175 Since the start of the pandemic, there has been a steady increase in the number of service requests received. Almost 95,000 additional service requests were received in the 12 months ending 30 September 2021, an increase of 26%.



- 176 This increase reflects the impact of the pandemic across many areas of the council, additional residents contacting us to seek financial help (both personal and business related) or report issues arising from spending more time at home (especially environmental issues such as litter and fly-tipping, and anti-social behaviour issues such as noise), and the need to enforce various COVID-19 restrictions.
- 177 Although the number of service requests is continuing to increase, the rate of increase is slowing.
- 178 To enable us to monitor the delivery timescales of service requests logged within our Customer Relationship Management (CRM), we have applied performance standards within the system where possible.
- 179 However, we do not apply performance standards if the process is not fully managed within the CRM. Nor did we apply to many of the COVID-related service requests, partly due to the speed of the set-up, but also due to the complexity and unknown elements of the request which often resulted in required modifications as the pandemic progressed.
- 180 76% of service requests processed during the 12 months ending 30 September were assessed against a performance standard. And, of these, the standard was met in 74% of cases – slightly lower than the 77% recorded for the same period last year. However, it should be noted that over the same period, service requests increased by 26%.
- 181 Our CRM System is configured to automatically send customer satisfaction surveys (CSS) to the customer when their service request (SR) is closed.
- 182 This allows us to potentially reach customers linked to around 70% of the service requests recorded in our CRM. However, as we are only able to reach those who

have provided a valid email address, we can only contact around 55%. To improve on this percentage, we are continuing to deliver a range of activity to increase the number of valid email addresses and other contact information we hold.

- 183 As can be seen in the table below, our overall survey response rate as a proportion of service requests is low but improving.

Service requests linked to our customer satisfaction survey		
Number	1 Oct 2019 to 30 Sep 2020	1 Oct 2020 to 30 Sep 2021
SR types	105	117
SRs received	289,498	342,533
Surveys emailed to customer	214,049 (74%)	104,814 (31%)
Responses to survey	10,039 (4.7%)	15,691 (15.0%)
Response as a % of service requests	3.5%	4.6%

- 184 The data for the 12 months ending September 2021 has been reset since last reported, we now have more accurate reporting. This data has been impacted by issues with closures, 80% of these have been resolved with the remainder in progress. Therefore, we expect this to increase going forward.

- 185 Much of the improvement in the service response rate is due to linking the survey to more service requests and capturing more customer email addresses. Over the last two years, the number of responses has increased by 60%.



- 186 Whilst the satisfaction survey is linked to 117 service request types, 70% of the survey responses received during the 12 months ending 30 September related to only eight service request types. Half of these (36% of total responses) followed a report of a missed collection. The remaining half was made up of responses following requests to clear fly-tipping, collect bulky waste, make a complaint,

- report a street lighting, road or footpath issue, report a change of circumstances to the council tax team or join the garden waste scheme.
- 187 Whilst increased response percentages were seen over five of the eight service request types there was significant variance in response rates ranging from 19% to 0.9%. This can be linked to both the volume of requests we receive for different types of request and the nature of the requests themselves. We continue to identify options to reduce this variance and additional ways to capture feedback.
- 188 Despite the pandemic, we are continuing with developments that enhance the customer experience.
- 189 Extending channel choice is a core element of our digital transformation programme, and we have included new modern communication channels on platforms such as Facebook Messenger and WhatsApp within our refreshed Unified Communications Programme.
- 190 We are continuing to drive improvements across customer services through our Integrated Customer Service Initiative which will develop a unitised model for customer service across the council. This will be achieved by implementing consistent first point of contact principles in line with the following three main workstreams:
- (a) Standardisation: Unifying and standardising our technology platform to support an agile and flexible workforce in delivering high quality services to customers, wherever and whenever they are needed.
 - (b) Harmonisation: Using technology and data to gather more robust and wide-reaching demand, quality, and satisfaction data to support a holistic view of our customer.
 - (c) Unitisation: delivering all first point of contact interactions through a single unitised customer service function to ensure consistency when responding to customers and improving the overall customer experience.
- 191 As we move to new modern ways of working in line with our transformation programme, it essential we ensure that agents have the right tools to do the job.
- 192 We have continued with developments that enhance the customer experience and drive improvements across customer services through our Integrated Customer Service initiative and Unified Communications Strategy.
- 193 Project SignVideo will provide access to immediate telephony support for British Sign Language individuals (BSL) to communicate over video telephones and similar technologies with hearing people in real-time, via a sign language interpreter through a Video Relay Service. This project is due for implementation

into corporate customer service in quarter four and aims to improve the ease and speed of contact for BSL users at first point of contact.

- 194 Extending channel choice is a core element of our digital transformation programme, having the ability to engage with residents in both new and traditional ways increases our ability to engage with and understand better the needs of our customers.
- 195 Project Bizvu is aligned to the enablement of new modern communication channels on platforms such as Facebook Messenger and WhatsApp into our contact centres and is due for implementation in 2022.
- 196 During quarter two, we continued to roll-out our new softphone-based telephony platform giving users access to contact centre features from their laptop allowing them to work from any location with an adequate internet connection. 14 more teams⁹ moved to the new solution meaning the project is 77% complete and on track for all contact centres to be standardised by 31 December 2021.
- 197 During quarter one 2021/22, the Customer Access Point operating model was revised to facilitate a primary focus on digital inclusion through access to devices and assisted self-service support, capacity for officers to provide fully supported self-serve sessions with those customers who need it was created by moving all face-to-face interactions to 'appointment only'.
- 198 These changes were reflected in our revised Customer Service Charter and Standards and reflect our customer service ethos and the changing needs and expectations of our customers.
- 199 We are also in the process of updating our customer satisfaction survey to both implement the changes required to reflect the adjusted Charter and Standards and to provide richer customer service. The changes are due to be tested and refined in quarter three with implementation planned by January 2021 to ensure a full data set for quarter four.

We will actively performance manage our services.

- 200 Care Connect, which provides a 24-hour monitoring and response service to help residents live independently in their own home, has retained its accreditation with the Telecare Services Association (TSA). In addition, its annual customer

⁹ Sundry Debtors, Welfare Assistance, Blue Badge, Financial Assessment, Deputy and Appointee, Integrated Transport Unit, Trade Waste, Refuse and Recycling, Payroll Menu, AHS collections and recovery, Enforcement, Bereavement, MyView helpdesk and Pest Control

satisfaction survey shows customer satisfaction increased in the last year, despite extremely challenging circumstances, with 100% of customers stating their support needs were met and that staff were helpful and respectful.

- 201 During quarter two, Care Connect answered almost 96.7% of calls within a minute, a slight drop on the previous quarter (97.0%) due to staffing resource issues and an increase in call volumes. The team are working to address these issues and five vacant Telecare operator posts have been filled during this quarter. The Care Connect emergency response rate (arriving at property within 45 minutes of a call) is consistently above the 90% target and this quarter was 98.3%, with 5,187 calls responded to within 20 minutes.

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78% satisfied with service delivery

97%
felt their request was handled effectively and knowledgeably

93%
found it easy to contact the right service

92%
felt they were treated with dignity and respect

86%
satisfied with the handling of their initial contact

84%
felt they were provided with clear information

80%
satisfied with time taken to complete their task

78%
were informed of length of time to resolve task

68%
were informed of progress

1,202
compliments
(+313)

550
suggestions
(-92)

168
comments about policies / procedures
(+12)

27
objections to our decisions
(-35)

114
dissatisfied with fees and charges
(+53)

2,808
complaints
(+428)

197
independent investigation requests

74
Ombudsman decisions

12 months ending 30-Sep	Star ratings received	Proportion which were				
		5-star	4-star	3-star	2-star	1-star
2020	78,632	64%	17%	12%	2%	4%
2021	104,253	66%	19%	8%	2%	5%

worse than last year
better than last year
similar to last year
Not comparable

Key Performance Indicators – Data Tables

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 2020/21 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

KEY TO SYMBOLS

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

MORE AND BETTER JOBS

Do residents have good job prospects?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
1	% of working age population in employment	71.3	Jul 2020-Jun 2021	73 (red)	71.6 (green)	74.7 (red)	70.5 (green)			Yes
2	Per capita household disposable income (£)	16,617	2019	Tracker	16,315 (green)	21,978 (red)	17,096 (red)			Yes
3	Gross jobs created / safeguarded as a result of Business Durham activity	2,015	Jul-Sep 2021	Tracker	552 (green)					Yes
4	% of 16 to 17 year olds in an apprenticeship	5.5	as at Aug 2021	Tracker	6.8 (red)	4.2 (green)	6.4 (red)	6.2 (red)		Yes

Is County Durham a good place to do business?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
5	Gross Value Added (GVA) per capita in County Durham (£)	16,925	2019	Tracker	16,501 (green)	30,239 (red)	20,727 (red)			Yes
6	No. of registered businesses in County Durham	14,565	Mar 2021	Tracker	14,105 (green)					Yes
7	Value (£ million) of new contracts secured	8,173,215	2020/21	8 (green)	907,439 (green)					No
8	Value (£ million) of GVA growth from jobs created	59,148,310	Jul-Sep 2021	7,000,000 (green)	0 (green)					Yes
9	No. of Inward Investments secured	8	Jul-Sep 2021	1 (green)	0 (green)					Yes
10	% of Business Durham business floor space that is occupied	94.8	Jul-Sep 2021	85 (green)	79.7 (green)					Yes

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

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
11	No. visitors to County Durham (million)	11.39	2020	Tracker	20.13 (red)					No
12	No. jobs supported by the visitor economy	6,794	2020	Tracker	12,133 (red)					No
13	Amount (£ million) generated by the visitor economy	506.75	2020	Tracker	980.72 (red)					No

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

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
14	Average Attainment 8 score	48.8	2019/20 (academic year)	Tracker	Not comparable	53.1 (red)	48.4 (green)			No
15	Average point score per A level entry of state-funded school students	39.9	2019/20 (academic year)	Tracker	Not comparable	39.5 (green)	38.3 (green)			No
16	% of pupils achieving the expected standard in Reading, Writing and Maths (KS2)*	65	2018/19 (academic year)	Tracker	67	65 (green)	67 (red)	61 (green)		No
17	% of 16-17 year olds who are not in education, employment or training	5.8	Apr-Jun 2021	Tracker	4.8 (red)	3.0 (red)	4.9 (red)			No
18	Gap between average Attainment 8 score of Durham disadvantaged pupils and non-disadvantaged pupils nationally (KS4)	-14.4	2019/20 (academic year)	Tracker	Not comparable	-13.5 (red)	-15.1 (green)			No
19	% of children in the Early Years Foundation Stage achieving a Good Level of Development*	71.8	2018/19 (academic year)	64 (green)	72.8 (amber)	71.8 (green)	71.8 (green)			No
Page 87	Gap between % of disadvantaged pupils and % of non-disadvantaged pupils nationally who achieve expected standard in reading, writing and maths (KS2)*	-19.8	2018/19 (academic year)	Tracker	-15.1 (red)	-20 (green)	-18 (red)			No

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
Page 88 21	Ofsted % of Primary schools judged good or better	89	as at 30 Sep 2021	Tracker	89 (green)	87 (green)	91 (red)			Yes
22	Ofsted % of secondary schools judged good or better	69	as at 30 Sep 2021	Tracker	64 (green)	76 (red)	60 (green)			Yes
23	Exclusion from school of all Durham children - percentage of children with at least one fixed exclusion	1.88	2019/20 (academic year)	Tracker	2.2 (green)	1.87 (amber)	2.22 (green)	2.39 (green)		No

*not reporting for 2019/20 as assessments did not take place

LONG AND INDEPENDENT LIVES

Are children, young people and families in receipt of universal services appropriately supported?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
24	% of free school meals (FSM) eligible pupils taking FSM	76.0	Jan 2021	Tracker	75.8 (green)	82.6 (red)	82.6 (red)			No
25	Under-18 conception rate per 1,000 girls aged 15 to 17	19.0	2019	Tracker	26.4 (green)	15.7 (red)	21.8 (green)	21.5 (green)		Yes
26	% of five year old children free from dental decay	73.2	2019	Tracker	74.2 (amber)	76.6 (red)	76.7 (red)	71.7 (green)		No
27	Alcohol specific hospital admissions for under 18s (rate per 100,000)	52.8	2017/18-2019/20	Tracker	54.7 (green)	30.7 (red)	55.4 (green)	55.3 (green)		No
28	Young people aged 10-24 admitted to hospital as a result of self-harm (rate per 100,000)	361.2	2019/20	Tracker	354.3 (red)	439.2 (green)	536.6 (green)	656.3 (green)		No
29	% of children aged 4 to 5 years classified as overweight or obese**	24.9	2019/20	Tracker	24.0 (red)	23.0 (red)	24.8 (amber)	25.0 (green)		No
30	% of children aged 10 to 11 years classified as overweight or obese**	37.6	2019/20	Tracker	37.7 (green)	35.2 (red)	37.5 (amber)	37.2 (amber)		No
31	% of Education Health and Care Plans completed in the statutory 20 week time period (excl. exceptions)	62	Jan-Sep 2021	Tracker	60 (green)	58 (green)	75.9 (red)	82.0 (red)	2020	Yes

**The National Child Measurement Programme ended in March 2020 when schools closed due to the COVID-19 pandemic. Comparisons to North East and Nearest Statistical Neighbours should be treated with caution as not all submitted of their measurements.

Are children, young people and families in receipt of early help services appropriately supported?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
32	% of successful interventions (families turned around) via the Stronger Families Programme (Phase 4)	75 ¹⁰ [571/761]	Apr-Sep 2021	381 (green)	76.8 [567/730]					Yes
33	% of children aged 0-2 years in the top 30% IMD registered with a Family Centre and having sustained contact	87.7	Jul-Sep 2021	80 (green)	88.8 (amber)					Yes

Are our services improving the health of our residents?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
34	% of mothers smoking at time of delivery	15.0	Jan-Mar 2021	14.7 (amber)	16.6 (green)	8.9 (red)	12.8 (red)	13.4 (red)		No
35	Four week smoking quitters per 100,000 smoking population	2,452 [1,830]	Apr 2020 - Mar 2021	Tracker	2,945 [2,198] (red)	1,670 (green)	2,213 (green)	2,736 (red)		Yes
36	Male life expectancy at birth (years)	77.8	2018-20	Tracker	78.3 (amber)	79.4 (red)	77.6 (green)	77.9 (amber)		Yes
37	Female life expectancy at birth (years)	81.2	2018-20	Tracker	81.8 (amber)	83.1 (red)	81.5 (amber)	81.6 (amber)		Yes
38	Female healthy life expectancy at birth (years)	58.3	2017-19	Tracker	58.4 (amber)	63.5 (red)	59.0 (amber)	61.0 (red)		No
39	Male healthy life expectancy at birth (years)	59.6	2017-19	Tracker	59.3 (green)	63.2 (red)	59.4 (green)	60.5 (amber)		No
40	Excess weight in adults (Proportion of adults classified as overweight or obese)	64.8	2019/20	Tracker	63.3 (red)	62.8 (red)	67.6 (green)	69.6 (green)		No

¹⁰ Annual target of 761

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
41	Suicide rate (deaths from suicide and injury of undetermined intent) per 100,000 population	14.3	2018-20	Tracker	13.4 (red)	10.4 (red)	12.4 (red)	12.6 (red)		Yes
42	Prevalence of breastfeeding at 6-8 weeks from birth (%)	29.1	Apr-Jun 2021	Tracker	31.4 (red)	48.0 (red)	34.4 (red)	34.0 (red)	2019/20	Yes
43	Estimated smoking prevalence of persons aged 18 and over	17.0	2019	Tracker	15.0 (red)	13.9 (red)	15.3 (red)	15.2 (red)		No
44	Self-reported well-being - people with a low happiness score	10.9	2019/20	Tracker	9.5 (red)	8.7 (red)	10.6 (amber)	9.6 (red)		No
45	Participation in Sport and Physical Activity: active	58.7%	May 2020-May 2021	Tracker	58.1% (amber)	60.9% (amber)	59.7% (amber)			Yes
46	Participation in Sport and Physical Activity: inactive	31.3%	May 2020-May 2021	Tracker	30.6% (red)	27.5% (red)	28.9% (amber)			Yes

Are people needing adult social care supported to live safe, healthy and independent lives?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
47	Adults aged 65+ per 100,000 population admitted on a permanent basis in the year to residential or nursing care	175.0	Apr-Jun 2021	N/a	97.0 (red)					No
48	% of older people who were still at home 91 days after discharge from hospital into reablement/rehabilitation services	88.3	Jan-Jun 2021	N/a	82.5 (green)	79.1 (green)	72.1 (green)	80.0 (green)	2020/21	Yes
49	% of individuals who achieved their desired outcomes from the adult safeguarding process	94.0	Apr-Sep 2021	Tracker	94.4% (amber)	94.8% (amber)	94.9% (amber)	96.0 (red)	2020/21	Yes
50	% of service users receiving an assessment or review within the last 12 months	77.1	Apr-Sep 2021	Tracker	92.4 (red)					Yes
51	Overall satisfaction of people who use services with their care and support	69.6	2019/20	Tracker	67.8 (green)	64.2 (green)	67.5 (green)	66.2* (green)		No

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
52	Overall satisfaction of carers with the support and services they receive (Biennial survey)	51.2	2018/19	Tracker	43.3** (green)	38.6 (green)	47.2 (green)	41.8* (green)		No
53	Daily delayed transfers of care beds, all, per 100,000 population age 18+	2.9	Feb 2020	Tracker	1.5 (red)	11.0 (green)	7.0 (green)	11.0* (green)		No
54	% of adult social care service users who report they have enough choice over the care and support services they receive	77.6	2019/20	Tracker	75.1 (green)	66.6 (green)	73.0 (green)	69.2* (green)		No

*unitary authorities

** results from 2016/17 survey

CONNECTED COMMUNITIES – SAFER

Are children, young people and families in receipt of social work services appropriately supported and safeguarded?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
55	% of statutory referrals received by the First Contact Team or Emergency Duty Team processed within 1 working day	95 [2,202 / 2,319]	Apr-Sep 2021	Tracker	93 (green)					Yes
56	% of statutory children in need referrals occurring within 12 months of a previous referral	18 [458]	Apr-Sep 2021	Tracker	23 [561] (green)	23 (green)	22 (green)	20 (green)	2019/20	Yes
57	% of single assessments completed within 45 working days	80 [2,002]	Apr-Sep 2021	Tracker	85.5 [2150] (red)	84 (red)	89 (red)	87 (red)	2019/20	Yes
58	Rate of children subject to a child protection plan per 10,000 population aged under 18	47.05 [473]	as at Sep 2021	Tracker	47.05 [473] (green)	43	70	58	as at 31 Mar 20	Yes
59	Rate of children in need per 10,000 population (Cases open to Children's Social Care)	379 [3,813]	as at Sep 2021	Tracker	351.4 [3,533] (red)	324	463	414	as at 31 Mar 20	Yes
60	Rate of children open to One Point (early help) 10,000 population aged under 18	128 [1,305]	as at Sep 2021	Tracker	148 [1,497]					Yes

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
Page 920 920	% of strategy meetings initiated which led to an initial child protection conference being held within 15 working days	86 [340 of 397]	Apr – Sep 2021	75 (green)	93 [340] (red)	78 (green)	83 (green)	82 (green)	2019/20	Yes
62	% of Social Workers with fewer than 20 cases	52	as at Sep 2021	Tracker	60 (red)					Yes
63	% of Statutory Case File Audits which are given a scaling score of 6 or above	85.2	Jul-Sep 2021	80	84.1 (green)					Yes

Are we being a good corporate parent to Children Looked After (CLA)?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
64	Rate of CLA per 10,000 population aged under 18	90.3 [912]	as at 27 Sep 2021	Tracker	94.0 [950]	67	108	99	as at 31 Mar 20	Yes
65	% of children adopted from care (as % of total children leaving care)			Tracker	16	12	12	18	2019/20	
66	% of CLA who are fostered incl. friends and family, independent fostering agency, In-house foster care	75 [684]	as at 27 Sep 2021	Tracker	76 [725]	72	74	73	2019/20	Yes
67	% of external residential placements	6 [55]	as at 27 Sep 2021	Tracker	5 [43]					Yes
68	% of children looked after continuously for 12 months or more who had a dental check	58	Sep 2021	Tracker	49 (green)	90 (red)	86 (red)	86 (red)	2019/20	Yes
69	% of children looked after continuously for 12 months or more who have had the required number of health assessments	93	Jun 2021	Tracker	90 (green)	90 (green)	92 (green)	93 (green)	2019/20	Yes
70	Emotional and behavioural health of children looked after continuously for 12 months or more (score between 0 to 40)	14	2020/21 [prov.]	Tracker	15.5 (green)	14.2 (green)	14.1 (green)	14.0 (green)	2018/19	No
71	Average Attainment Tracker 8 score of Children Looked After	20.5	2019/20	Tracker	25.6 (red)	21.4 (red)	21.7 (green)	22.4 (red)		No

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
72	% of CLA achieving the expected standard in Reading, Writing and Maths (at KS2)**	55	2018/19	Tracker	39.5 (green)	36 (green)	47 (green)			No
73	% of care leavers aged 17-18 in education, employment or training	70	Sep 2021	Tracker	67 (green)	64 (green)	63 (green)	65 (green)	2019/20	Yes
74	% of care leavers aged 19-21 in education, employment or training	60	Sep 2021	Tracker	56 (green)	53 (green)	52 (green)	53 (green)	2019/20	Yes
75	% of care leavers aged 17-18 in suitable accommodation	93	Sep 2021	Tracker	93 (green)	90 (green)	94 (amber)	100 (red)	2019/20	Yes
76	% of care leavers aged 19-21 in suitable accommodation	93	Sep 2021	Tracker	95 (red)	85 (green)	91 (green)	90 (green)	2019/20	Yes

*provisional data **not reporting for 2019/20

How effective are we are tackling crime and disorder?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
77	First time entrants to the youth justice system aged 10 to 17 (per 100,000 population aged 10 to 17)	186	2020	Tracker		220 (green)	303 (green)	231 (green)	2019/20	Yes
78	Overall crime rate per 1,000 population	85.5	Oct 2020-Sep 2021	Tracker	92.4 (green)	77.0 (red)				Yes
79	Rate of theft offences per 1,000 population	18.1	2020/21	Tracker	23.0 (green)					Yes
80	Proportion of all offenders who re-offend in a 12 month period (%)	30.6	Apr-Jun 2019	Tracker	30.8 (green)	31.7 (green)	35.7 (green)	30.0 (red)	2016/17	No
81	Proven re-offending by young people (who offend) in a 12 month period (%)	34.8	Oct 2018-Sep 2019	Tracker	TBC	38.4 (green)	41.8 (green)		Oct 2017 – Sept 2018	Yes

How effective are we at tackling anti-social behaviour?

Page Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
82	Satisfaction with the way that the council and police are dealing with local concerns about ASB and crime issues in your area.	56.4	Mar 2020	Tracker	50.1 (red)			53.7 (red)	Jun 2019	No
83	No. police reported incidents of anti-social behaviour	15,335	Oct 2020-Sep 2021	Tracker	16,511 (red)					Yes
84	No. council reported incidents of anti-social behaviour	15,953	Oct 2020-Sep 2021	Tracker	14,437 (red)					Yes

How well do we reduce misuse of drugs and alcohol?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
85	% of successful completions of those in alcohol treatment	34.6	Jul 2020-Jun 2021	Tracker	30.6 (green)	35.3 (amber)	30.7 (green)			Yes
86	% of successful completions of those in drug treatment - opiates	5.5	Jul 2020-Jun 2021	Tracker	5.6 (amber)	4.7 (green)	3.3 (green)			Yes
87	% of successful completions of those in drug treatment - non-opiates	38.1	Jul 2020-Jun 2021	Tracker	30.8 (green)	33.0 (green)	30.0 (green)			Yes
88	% of anti-social behaviour incidents that are alcohol related	13.5	2020/21	Tracker	18.5 (green)					Yes
89	% of violent crime that is alcohol related	33.7	2020/21	Tracker	32.5 (green)					Yes
90	Alcohol seizures	194**	Apr-Jun 2018	Tracker	398 (green)					No

**under review

How well do we tackle abuse of vulnerable people, including domestic abuse, child exploitation and radicalisation?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
91	Building resilience to terrorism (self-assessment). Score - level 1(low) to 5(high)	3*	2017/18	Tracker	3 (green)					No
92	No of individuals with a referral for 1:1 CSE Support from Supporting Solutions Team**	61	2020/21	Tracker	new**					No

*under review ** New definition – Includes all children - High/Medium/Low Risk (Previously only High-Risk referred to Supporting Solutions)

How do we keep our environment safe, including roads and waterways?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
93	No. of people killed or seriously injured in road traffic accidents - No. of fatalities - No. of seriously injured	188 15 173	Oct 2020 - Sep 2021	Tracker	182 (red) 20 162					Yes
94	No. of children killed or seriously injured in road traffic accidents - No. of fatalities - No. of seriously injured	21 0 21	Oct 2020 - Sep 2021	Tracker	16 (red) 1 15					Yes

CONNECTED COMMUNITIES – SUSTAINABILITY

How clean and tidy is my local environment?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
95	% of relevant land and highways assessed as having deposits of litter that fall below an acceptable level	5.96	Apr-Jul 2021	Tracker	N/a					No
Page 95	% of relevant land and highways assessed as having deposits of detritus that fall below an acceptable level	12.14	Apr-Jul 2021	Tracker	N/a					No

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
Page 967 97	% of relevant land and highways assessed as having deposits of dog fouling that fall below an acceptable level	0.79	Apr-Jul 2021	Tracker	N/a					No
98	Number of fly-tipping incidents	7,382	Jul 20 – Jun 2021	Tracker	7,409 (green)					Yes

Are we reducing carbon emissions and adapting to climate change?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
99	% reduction in CO ₂ emissions in County Durham (carbon neutral by 2050)	54	2019	Tracker	52 (green)					Yes
100	% reduction in CO ₂ emissions from local authority operations compared to the 2008/09 baseline, 80% by 2030	58	2020/21	Tracker	51 (green)					Yes

How effective and sustainable is our collection and disposal of waste?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
101	% of municipal waste diverted from landfill	90.1	Jul 2020 – Jun 2021	95 (red)	96.8 (red)	91.5 (red)	94.4 (red)		2019/20	Yes
102	% of household waste that is re-used, recycled or composted	38.1	Jul 2020 – Jun 2021	Tracker	39.4 (red)	43.8 (red)	35.5 (green)		2019/20	Yes

Do residents have access to decent and affordable housing?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
103	Number of properties improved, adapted or brought back into use	569	Jul-Sep 2021	Tracker	406 (green)					Yes

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
104	Number of empty properties brought back into use as a result of local authority intervention	54	Jul-Sep 2021	50 (red)	40 (red)					Yes
105	Number of net homes completed	407	Jul-Sep 2021	327 (green)	385 (green)					Yes
106	Number of affordable homes delivered	466	2020/21	300 (green)	628 (red)					No
107	Number of households accessing the Housing Solutions Service	3,505	Jul-Sep 2021	Tracker	3,063 (green)					Yes
108	Number of households helped to stay in their home	360	Jul-Sep 2021	Tracker	334 (green)					Yes
109	Number of households helped to move to alternative accommodation	231	Jul-Sep 2021	Tracker	205 (green)					Yes

Is it easy to travel around the county?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
110	% of A roads where maintenance is recommended	3.0	2019	Tracker	2.6 (red)	3.38 (green)	1.92 (green)		2019	No
111	% of B roads where maintenance is recommended	3.3	2019	Tracker	4.7 (green)	4.57 (green)	2.83 (green)		2019	No
112	% of C roads where maintenance is recommended	4.3	2019	Tracker	3.7 (red)	4.57 (green)	2.83 (green)		2019	No
113	% of unclassified roads where maintenance is recommended	21.3	2019	Tracker	21.0 (amber)	15.08 (red)	16.25 (red)		2019	No
114	Highways maintenance backlog (£millions)	172.6	2019	Tracker	179.7 (green)					No
115	Bridge Stock Condition – Principal Roads*	80.7**	2019	Tracker	80.7 (green)					No
116	Bridge Stock Condition – Non-Principal Roads*	79.9**	2019	Tracker	79.9 (green)					No

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

** last year's data has been used due to issues with obtaining current values

EXCELLENT COUNCIL

How well do we look after our people?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
117	% of performance appraisals completed on current posts in rolling year period (excluding schools)***	N/a*	N/a	N/a	N/a					No
118	Days / shifts lost to sickness absence (all services excluding schools)	10.06	Oct 2020-Sep 2021	11.20 (green)	10.25 (green)	9.2** (red)			2017/18	Yes
119	% posts with no absence in rolling year (excluding schools)	66.39	Oct 2020-Sep 2021	Tracker	63.71 (green)					Yes
120	% of sickness absence which is short term	13.79	Oct 2020-Sep 2021	Tracker	10.77					Yes
121	% of sickness absence which is medium term	16.98	Oct 2020-Sep 2021	Tracker	12.47					Yes
122	% of sickness absence which is long term	69.23	Oct 2020-Sep 2021	Tracker	76.76					Yes
123	% of employees having five days or less sickness per 12 month period	81.80	Oct 2020-Sep 2021	Tracker	80.95 (green)					Yes

*Due to new system introduction

**includes school support staff but excludes teachers. All single/upper tier councils [Local Government Workforce Survey 2017/18](#)

*** Having put all Personal Development Reviews on hold due to COVID-19, we are now reinstating the process, starting with our leaders in October 2021.

Are our resources being managed for the best possible outcomes for residents and customers?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
124	% of council tax collected in-year	54.8	Apr-Sep 2021	Not Set	53.9 (green)					Yes
125	% of business rates collected in-year	53.9	Apr-Sep 2021	Not Set	56.7 (red)					Yes

How good are our services to customers and the public?

Ref	Description	Latest data	Period covered	Period target	12 months earlier	National figure	North East figure	Nearest statistical neighbour	Period covered if different	updated this quarter
126	% Freedom of Information and Environmental Information Regulations requests responded to within 20 working days	83	Jul - Sep 2021	90 (red)	78 (green)					Yes
127	Customer contacts: telephone*	1,206,564	Oct 2020-Sep 2021	Tracker	1,193,663					Yes
128	Customer contacts: face to face**	n/a	Oct 2020-Sep 2021	Tracker	63,681					Yes
129	Customer contacts: web forms	302,881	Oct 2020-Sep 2021	Tracker	209,376					Yes
130	Customer contacts: emails	70,098	Oct 2020-Sep 2021	Tracker	54,829					Yes
131	Customer contacts: social media	4,893	Oct 2020-Sep 2021	Tracker	5,211					Yes
132	% of calls answered	93	Oct 2020-Sep 2021	Tracker	94*					Yes
133	% of calls answered within 3 minutes	89	Oct 2020-Sep 2021	Tracker	89*					Yes

*data is not comparable as new telephony lines are continuing to be added to ACD

** data is not available as customer access points have been closed during 2020/21

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Cabinet

15 December 2021

Poverty Issues

Ordinary Decision



Report of Corporate Management Team

Paul Darby, Corporate Director of Resources

Councillor Alan Shield, Portfolio Holder for Equality and Inclusion

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide Cabinet with an update on:
 - (a) the most recent welfare, economic and poverty indicators for the county;
 - (b) expenditure which specifically supports poverty related activities; funded by both central government and from council budgets, enabling support to be delivered to vulnerable households by the council and key partners, and;
 - (c) the progress of the council and partners in addressing and alleviating poverty, including our response to the negative financial impacts arising from the COVID-19 pandemic.

Executive summary

- 2 The factors influencing poverty are multi-faceted. Its impacts are felt at an individual, household and community level. Given this complexity it is difficult to determine a single definition and measure of poverty. This report aims to describe the work of the council and partners to address and help alleviate the pressures which contribute to vulnerability arising from an individual's inability to meet their personal needs.
- 3 The council continues to have a strong approach to supporting financial inclusion and has maintained its commitment to effective "core" support mechanisms for low-income households through delivery of the Local Council Tax Reduction Scheme (LCTRS), Discretionary Housing Payments (DHP) scheme, and Welfare Assistance Scheme (WAS) for those in crisis, plus through the council's commitment to supporting advice

provision. Over the last two years, these schemes have been augmented with a range of other interventions.

- 4 The council continues to support financial inclusion through the work of the Poverty Action Steering Group (PASG). The council has committed significant investment to support residents needing financial help, supplementing the additional funding provided by the government to support households impacted by the restrictions to control the COVID-19 pandemic.
- 5 The work of PASG is directed by the Poverty Action Plan which is currently being reviewed in line with current data and intelligence, and engagement with support providers. This review will aim to bring an updated plan for Cabinet consideration in March 2022. The plan confirms the council's strategic approach in terms of all the key strands which address the issues surrounding poverty; including access to well-paid employment, training, welfare support, housing and food. It also describes the key interventions put in place to facilitate individuals and communities to move out of poverty and access the support they need.
- 6 Although a major focus of the last 21 months has been effectively supporting vulnerable households impacted by COVID-19 restrictions, the council and its partners have continued to address the underlying issues experienced by low-income households.
- 7 It is also important to note that the issues and challenges highlighted in this report cut across the key objectives in the Council Plan and link to the work on the council's Economic Strategy and Digital Durham programme, ensuring access to better jobs, training, skills development and addressing digital inclusion. In particular, the provision of county-wide, fast and reliable broadband connectivity and support of the digital inclusion agenda underpin the council's ambitions for economic growth and increasing employment opportunities.
- 8 Moving forward, the focus will be on a strong strategic approach to supporting residents through co-ordinated advice and guidance, with partners playing a key role in delivery. It will involve helping residents move away from accessing food through crisis intervention support such as food banks, working with key providers such as the credit unions to improve access to low-cost loans and supporting work to address fuel poverty and digital exclusion.

Recommendation(s)

- 9 Cabinet is recommended to note:
 - (a) the progress being made by the council and its partners in addressing the impacts of poverty and the wider issues including the recent and ongoing impacts of the COVID-19 pandemic;

- (b) the review of the Poverty Action Plan with a revised plan to be brought to Cabinet for approval in March 2022.

Background

- 10 This is the latest annual update report setting out the progress being made by the council and its partners in addressing poverty issues across the county. It builds on the previous update report, presented to Cabinet 18 November 2020.
- 11 Pre-pandemic, financial pressures on lower-income households were already increasing. County Durham is ranked the 26th most deprived area in England for employment and the 42nd most deprived for income (of 151 upper tier local authorities, 2019).
- 12 An estimated 21.5 percent of households across the county were living in relative poverty¹ before housing costs. A quarter of these households had at least one working adult. This compares with an England average of 17.1 percent of households – the relative poverty gap between County Durham and England has widened in recent years.
- 13 In addition, our comparatively low level of gross household disposable income had increased at a slower rate than the rest of the country, again widening the gap both regionally and with the rest of England.

	Gross household disposable income		
	2019	County Durham Gap	Increase on previous year
County Durham	£16,617		1.9%
North East	£17,096	£479, (3%)	2.2%
England	£21,978	£5,361, (32%)	2.5%

- 14 The arrival of COVID-19 impacted the economy swiftly and severely. Although the government reacted by investing quickly and heavily to mitigate the worst of the economic shock and keep families afloat, lower income households faced increasing financial pressure as furlough (loss in income), increasing basic living costs and additional expenditure incurred due to school closures/staying at home (meals, heating, equipping children for online learning) hit those with the least disposable income hard – especially as they could no longer access their normal coping strategies, e.g. eating at friends and families, accessing the internet in their local library, buying essentials from charity shops.
- 15 At the start of the pandemic (March 2020), 10 percent of our 16-64 population were claiming Universal Credit. This peaked at 15.9 percent in March 2021 and is currently 15.5 percent (September 2021 - 51,270 individuals across 44,495 households). Research has shown that many of

¹ Living in households with less than 60% of median household income

the low-paid workers who lost their jobs had few, if any, savings to fall back on.

- 16 Eligibility for free school meals increased accordingly, the additional 3,200 children and young people (aged 0 to 19) pushed the total to 20,410, more than one in four, although 24 percent are not being claimed.
- 17 For those working, the gap in earnings with the rest of England continued to grow as average wages, which increased across the North East and England, decreased across County Durham.

	Average Wages		
	2019	2020	Change
County Durham	£24,000	£23,877	-£123
North East	£22,613	£23,559	£946
England	£25,150	£26,055	£905
Gap with England	-£1,150	-£2,178	Widening

- 18 Research² into the experiences of families with children claiming Universal Credit or Child Tax Credit during the pandemic shows that 70 percent cut back on essentials (including food), 60 percent borrowed money (mainly through credit cards and payday loans) and more than 50 percent fell behind on rent or other essential bills.
- 19 This is in stark contrast to those higher up the income scale, where 57 percent of adults in the top 20 percent of working-age family incomes, spent less and saved more as lockdown restricted non-essential spending.
- 20 The council continues to co-ordinate its efforts to tackle poverty through the Poverty Action Steering Group (PASG). This is a cross-council senior officer group, chaired by the Corporate Director of Resources and attended by the Portfolio Holder for Equality and Inclusion.
- 21 The council works closely with its key partners to share intelligence on emerging issues and direct pooled resources toward those most in need.
- 22 In helping to alleviate the financial hardship many of our residents are experiencing, the council has increased available support through significant financial investment, administering government hardship funds³, and through specific council-funded projects and initiatives.
- 23 At the start of the pandemic, we established the County Durham Together Community Hub to provide advice and guidance and to fast-track

² Joseph Rowntree Foundation and Save the Children

³ the main sources of financial support specific to the pandemic were - Test and Trace Support Payments, COVID Local Support Grant (formerly the COVID Winter Grant Scheme), Additional Restrictions Grants, and Business Rate Relief.

applications for food and essential supplies, provide emergency food and support foodbanks; help more residents quickly access welfare and daily living expenses payments, including our council tax reduction and hardships scheme and grants for return to school costs.

- 24 The long-term effect of the pandemic on poverty is still unclear, and it is likely to be several years before the full impact is fully known and understood – particularly the impact on education outcomes and opportunities for young people.

National Policy update: Welfare and COVID-19

- 25 The following section sets out updates to national policy (welfare and COVID-19 related) that have been made since the last report was presented to Cabinet.

Temporary “uplift” to Universal Credit and Working Tax Credit

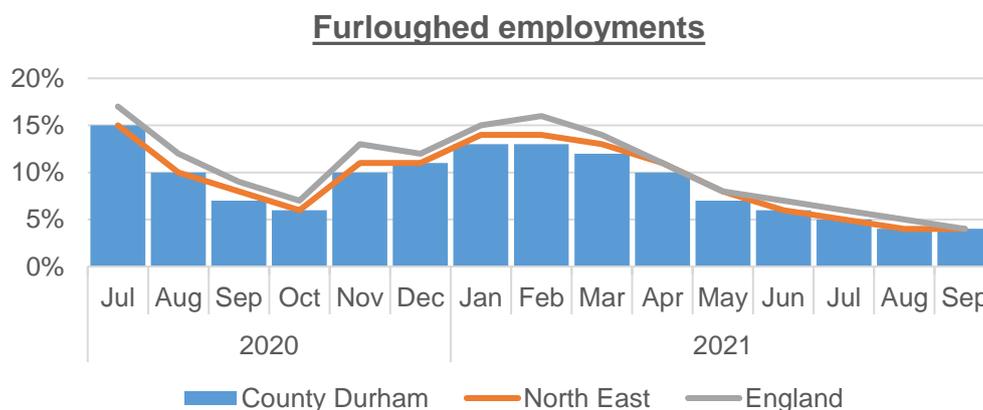
- 26 A temporary £20 per week increase to the standard allowance of Universal Credit (UC) and Working Tax Credit, was introduced in March 2020 at the beginning of the coronavirus pandemic. It was intended to support people newly unemployed or experiencing reduced incomes resulting from restrictions implemented to control the virus. The uplift was intended to initially last 12 months and expected to expire in April 2021. In the March 2021 Budget, however, the government announced that the UC Uplift would be extended for a further six months from April 2021, ending on 6 October 2021 and that Working Tax Credit claimants would instead receive a one-off £500 payment. An estimated 8,600 people across the county benefitted from this payment to Working Tax Credit claimants – which totalled £4.3 million in the six months to 30 September 2021. This one-off payment ended on 30 September 2021.
- 27 The table below presents the increases in UC claimants in County Durham between March 2020 and September 2021 since the start of the pandemic.

UC claimants	Mar-20	Sep-21 (provisional)	Change	
Individuals	32,870	51,270	18,400	+56%
Households	28,498	44,495	15,997	+56%
Households with dependent children	11,656	17,941	6,285	+54%

- 28 In relation to the Universal Credit uplift, it is estimated that around 11,000 households, almost 9,000 of which have dependent children, benefitted from the temporary uplift and therefore will be impacted by its removal, equating to approximately £11 million a year removed from the local economy.

Job Retention Scheme (JRS or ‘Furlough’)

- 29 Initially launched on 20 April 2020, the JRS gave government grants to employers to pay ‘furloughed’ staff the equivalent of 80 percent of their wages (up to £2,500). The scheme also met some of the employer’s contributions for pensions and National Insurance until the end of July 2020.
- 30 Over time the scheme evolved, and from July 2020 employees could be furloughed for some hours and work the remainder (flexible furlough). The government’s contribution started to taper down from July 2021 but employees who remained on furlough continued to receive 80 percent of their wages, until the scheme finally ended on 30 September 2021. At this point, employers were left to decide whether to bring employees back to work or make them redundant.
- 31 It is estimated that around 82,900 unique jobs across the county were furloughed at some time during the 18 months the JRS was in place, around 40.5 percent of eligible employments. At its peak, in July 2020, the scheme was supporting 32,400 employments.
- 32 At the end of September 2021, around 7,600 employments in County Durham (4 percent of all eligible employments) were furloughed. Almost half of these employments were either in the manufacturing sector (30 percent) or Accommodation and Food Services (12 percent).



Self-Employment Income Support Scheme (SEISS)

- 33 Introduced to support self-employed individuals (including members of partnerships) with profits of less than £50,000, and whose income was negatively impacted by COVID-19. The SEISS gave taxable grants of up to £2,500 a month (up to 80 percent of monthly profits, averaged over the last three years).
- 34 Similar to the JRS, the SEISS was in place for 18 months and closed on 30 September 2021. It is estimated that around 51,900 claims were made by 16,500 self-employed people in County Durham, with the total value of support being around £131 million.

Test and Trace Support Payments

- 35 From 28 September 2020, it became a legal requirement for everybody testing positive for coronavirus, or who was contacted by NHS Test and Trace, to self-isolate.
- 36 Following concerns that some people were hesitant to self-isolate due to financial constraints, a £500 lump sum support payment was introduced for those on low incomes who were unable to work from home and had lost income due to self-isolating.
- 37 The scheme subsequently evolved, with various changes being made to the eligibility criteria to increase access to the payments; this included enabling those who had to stay at home to care for children who were self-isolating to make a claim if they met the main eligibility criteria.
- 38 Across County Durham, 2,542 payments totalling almost £1.3 million have been awarded to date.

Kickstart Scheme

- 39 The Kickstart scheme provides funding for job placements for young people (aged 16 to 24) claiming Universal Credit and at risk of long-term unemployment.
- 40 Funding covers the National Minimum Wage (or the National Living Wage depending on the age of the participant) for 25 hours per week for a total of six months, associated employer National Insurance contributions, employer minimum automatic enrolment contributions, and a grant of £1,500 per job to cover setup costs and employability support.
- 41 Eighty one job placements are available across the council, all of which are benefiting from additional council funding which ensures all participants receive the Durham Living Wage. Ten people have now been recruited and we are in the process of recruiting to the remaining 71 posts.

Free School Meal Vouchers

- 42 During the initial lockdown periods of the pandemic, government-funded vouchers (worth £15 a week) were offered to children eligible for Free School Meals (FSM). However, the national scheme was withdrawn prior to the October 2020 half term. In response, the council set up a local scheme to enable those Free School Meals eligible households previously eligible, to access a payment to access support, prior to further government support being provided through the Covid Winter Support Grant.
- 43 Since the Spring of 2020, an additional 3,200 pupils have become eligible for FSM, raising the overall number to 20,410 children (28 percent of all children living in and attending County Durham schools). Twenty four percent of eligible children are still not claiming this assistance.

COVID Winter Support Grant/Covid Local Support Grant

- 44 In December 2020, the COVID Winter Support Grant Scheme was set up. This was then extended and morphed into the Covid Local Support Grant; funding provided to the Council through these schemes has amounted to £4,726,442. These grants enabled local authorities to support people struggling with the cost of food, energy and water bills, and other associated costs arising from the pandemic. The funding for these schemes ended on 30 September 2021.
- 45 Between December 2020 and September 2021, using this funding, the council distributed 295 hampers to our most vulnerable families, 273 food vouchers worth £80 to care leavers, 600 food vouchers worth £80 to kinship carers, and more than 101,100 vouchers, worth £20 per child per week and covering the school holiday periods, providing support to over 21,000 0- to 19-year-olds across the county.
- 46 We also awarded £270,000 through 330 grants to support vulnerable households with children enabling them to be safe, secure and have access to cooking facilities over the winter and allocated £100,000 to the East Durham Trust and the Durham Foodbanks to administer fuel vouchers.

Household Support Fund (HSF)

- 47 The Household Support Fund (HSF) is the latest iteration of the government support to vulnerable households. The council has been allocated £4,676,100 to administer the HSF, covering support from 6 October 2021 to 31 March 2022.
- 48 Although local authorities have some discretion as to how HSF funding is used, at least 50% must be spent on families with children. It is primarily to support people with food, energy, and water bills, but can be used to support households with other essential costs. In cases of genuine emergency, it can also be used to support housing costs if existing housing support schemes do not meet this need.
- 49 Our HSF scheme replicates some of the targeted support initiatives delivered as part of the COVID Winter and Local Support Grants, as well as introducing some new initiatives which will widen our eligibility criteria. Working with our partners to target 'hard to reach' households, our scheme includes a wide range of initiatives.
- 50 Bulk food/fuel vouchers will be available for vulnerable households. In addition, vouchers, worth £60 per child, will be issued to households with children eligible for free school meals in the lead up to Christmas and Easter, and will also be provided for kinship carers and care leavers. We will once again be issuing food hampers to vulnerable households, including care leavers.
- 51 Grants will also be made available to schools to help vulnerable households purchase essential items and buy winter clothing (including shoes and school uniforms) for children identified as most in need. For

those experiencing fuel poverty, help is being offered through the Warm Homes GP referral scheme, to provide help with the cost of fuel, boiler servicing and repairs.

- 52 Other vulnerable households who need additional support and have not accessed this through the main scheme strands as described above, will be provided with food/fuel vouchers through a discretionary grant scheme administered through the council's Welfare Assistance Scheme.

Holiday Activities and Food Programme

- 53 The council was allocated £2,383,860 by the Department for Education (DfE) to co-ordinate and deliver free holiday activities and healthy food for children eligible for free school meals during the Easter, Summer and Christmas holiday periods in 2021. Each event also had effective signposting for families to access further advice and support.
- 54 With partners, we delivered a wide range of sessions including performing arts, sports camps; cookery sessions; arts and craft sessions; and themed outdoor family activities etc.
- 55 During the Easter holiday period 2021, 6,860 children, of which 757 were children with special educational needs and disability, engaged in activities and received a free healthy meal.
- 56 During the six weeks summer holiday period 2021, more than 18,000 children, of which more than 700 were children with special educational needs and disability, engaged in activities and received a free healthy meal. In addition, more than 4,100 activity packs and resources were delivered to community groups and families and nearly 2,000 free food parcels were distributed.
- 57 As DfE funding could not be used for provision during the May and October half term holidays in 2021, additional council funding was allocated to meet this need. The council invested £143,000 in extending these schemes to those holiday periods, with over 5,500 benefitting.
- 58 In October 2021 (autumn budget), the government announced further funding to continue the holiday activities and food programme going forward. £200 million of national funding was announced, but we await the funding allocations to the council.

Healthy Start Scheme

- 59 In April 2021, weekly payments increased from £3.10 to £4.25 for the government's Healthy Start scheme, which helps with the cost of buying milk, baby milk and some foods. The scheme also gives access to free vitamins.
- 60 The scheme changed in the autumn of 2021 to make it easier to use and more flexible. A new digital scheme will replace paper vouchers with a

prepaid account that will be automatically topped up every four weeks with the payment.

- 61 The uptake of Healthy Start Vouchers has traditionally been low. To help increase take-up in Durham, we continue to promote and raise awareness of the programme with both families and partners.
- 62 Specific actions to increase uptake have included setting up a working group with partners; Public Health have developed bitesize training sessions for practitioners in order to help raise awareness of the programme- over 500 staff were trained. The partnership approach has focussed on increasing engagement and marketing of the Healthy Start programme underpinned by an action and a communications plan.
- 63 A localised healthy start voucher leaflet has also been developed recently and circulated to partners. Work by the NHS Business Services Authority is also being progressed to launch a digitised Healthy Start Scheme.
- 64 The focus on take-up in Durham has led to an increase over the last year – increasing from 54 percent in September 2020 to 68 percent in September 2021 (there are currently 3,820 individuals benefitting from this scheme in County Durham against 5,633 who are eligible). The current 68 percent take-up is higher than both the regional average (67.9 percent) and the national average (60.6 percent).

Council Tax Hardship Fund

- 65 As part of the Spending Round announcements last year, on 25 November 2020 the government announced additional grant funding to enable councils to continue reducing council tax bills for those least able to pay. This provided around £7 million of further funding to the council, building on the £7 million of additional funding provided in 2020/21. There were no specific requirements connected to the grant and the design of the 2021/22 council tax support scheme was a matter for individual billing authorities.
- 66 Last year, support through this scheme totalled approximately £4.1 million. To date, we have paid just over £3.2 million in Support Payments to residents facing financial hardship, in addition to more than £61 million through the Local Council Tax Reduction Scheme. Cabinet has recently agreed to extend the support in relation to the Support Payments, using the Hardship Funding, making a maximum additional payment of up to £150 to eligible Council Tax Reduction claimants in 2022/23 and up to £75 in 2023/24.

Housing Benefit disregard

- 67 The Housing Benefit disregard in relation to Working Tax Credit, was increased to £37.10 in 2020/21, but returned to £17.10 a week from April 2021. This ensured that around 1,200 households in County Durham did

not see a reduction in their Housing Benefit as a result of the temporary Working Tax Credit increase.

- 68 Claimants who were furloughed, self-isolating or shielding were able to be treated as being in work for a period by Working Tax Credit so to ensure all those affected by coronavirus were treated equally, with the 'additional earnings disregard' being applied to their Housing Benefit.

Housing – rental sector

- 69 The ban on bailiff-enforced rental sector evictions in England, which was introduced in March 2020 as an emergency measure during the pandemic, suspended new evictions from social or private rented accommodation during the national emergency and no new possession proceedings through applications to the court were able to start during the crisis.
- 70 On 10 March 2021, the government, announced a further extension to the ban on bailiff-enforced evictions – up to end May 2021 - and the requirement for landlords to provide six-month notice periods to tenants before they evict. This was removed from 1 August 2021, meaning landlords now need to give two months' notice for evictions, or four weeks if tenants owed more than four months' rent.
- 71 National data shows that only 85 properties have been repossessed using a county court bailiff in England and Wales since the pandemic began. In comparison there were 20,000 of these in 2019 across the social and private rented sectors'⁴
- 72 Research⁵ has identified the impact the resumption of enforcement visits by bailiffs has had on those experiencing financial difficulties as a result of the pandemic. StepChange (a national debt charity) noted a 652 percent increase in traffic to their bailiff advice webpages in August as households began to worry about potential visits. Nationally, Citizens Advice has seen 5,600 clients in relation to bailiff enforcement since visits resumed.
- 73 Within County Durham, an additional 491 households, (3,505 households in total) contacted Housing Solutions during the period July to September 2021 compared with the previous quarter, which is the largest quarter-to-quarter increase since 2019. Many households were presenting as homeless or facing homelessness due to the lifting of the eviction ban. In addition, our Private Rented Sector Team received more complaints of disrepair and illegal eviction allegations in September which may be linked to the eviction ban ending.

The Rough Sleeping Accommodation Programme 2021-24

⁴ Quote from the National Residential Landlord Association on the 5 November 2021 in the Parliamentary Briefing, Coronavirus: Support for landlords and tenants, reporting

⁵ [StepChange](#) – National Debt Charity.

- 74 Launched in March 2021, the aim of the Rough Sleeping Accommodation Programme is to help rough sleepers rebuild their lives away from the streets through investment in dedicated homes. Homes are being made available in every region of England, enabling people who sleep rough, or at risk of sleeping rough, to be rehoused in secure, long-term accommodation.
- 75 Through this scheme, rough sleepers are supported by specialist staff to access the help they need, such as support for mental health or substance misuse needs, so they can move towards training and work, and finding a permanent home.
- 76 In the last quarter, the council continued to see high levels of rough sleepers across County Durham. One hundred and sixty cases were reported, of which 58 were located and assisted. Although levels are similar to the same period last year, the needs of rough sleepers have become more complex, with more mental health and substance related problems being seen. We continue to invest to increase suitable accommodation for rough sleepers and those with complex needs.

National Insurance

- 77 From 6 April 2022, National Insurance contributions will increase by 1.25 percent to help fund the NHS and social care system. This means somebody earning £20,000 a year will pay an extra £130 a year, somebody earning £50,000 will pay an extra £505.
- 78 As the median salary across County Durham, before deductions, is £28,259, it is estimated our residents would pay an extra £234 a year on average.

National Food Strategy

- 79 Commissioned by the government in 2019, this aims to address the growing problem of food security, ensure the security of our food supply, maximise the benefits in agricultural technology, and develop a new integrated National Food Strategy.
- 80 In its report of July 2021, the National Food Strategy recognises that the sugar and salt tax is likely to put extra financial strain on the poorest families. In a series of recommendations, designed to get fresh food and ingredients to low-income households with children, it recommends:
- (a) money raised from the new taxes is used to extend free school meals to families with a household income of £20,000 or less, much higher than the current ceiling of £7,400;
 - (b) increasing spending on schemes which improve the diets of families on low incomes and improve food education; and

- (c) trialling a "Community Eatwell" programme which would involve GPs prescribing fruit and vegetables to people with poor diets and low incomes.

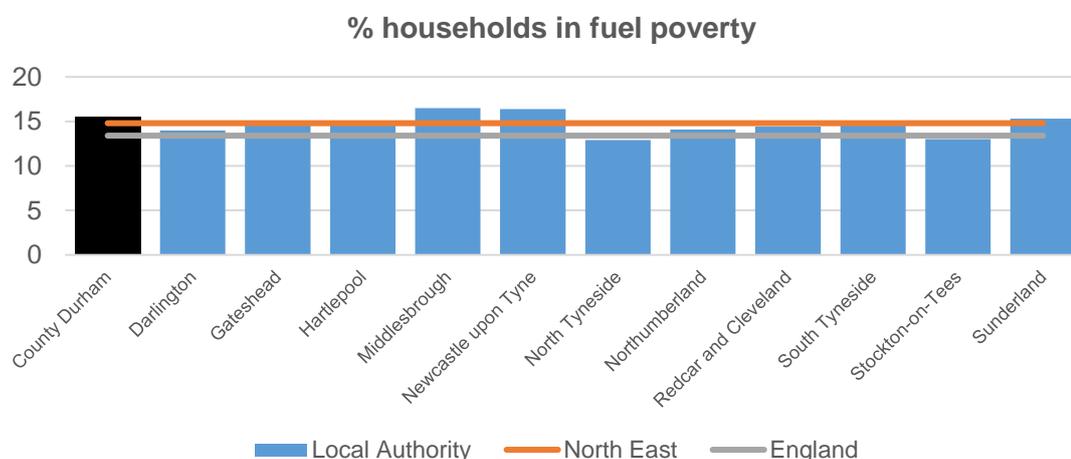
81 The government is due to respond with proposals for future laws within six months.

Fuel Poverty Strategy

82 Published in February 2021, Sustainable Warmth (the updated Fuel Poverty Strategy for England) sets out how the government will tackle fuel poverty, while at the same time decarbonising buildings.

83 The strategy announced the expansion of the Energy Company Obligation (ECO) which will run from 2022 to 2026, and with an increase in value from £640 million to £1 billion per year. The updated strategy additionally announces details of new funding of £150 million for the Home Upgrade Grant. It builds on the 2015 fuel poverty strategy, and is supported by feedback from the 2019 consultation on a fuel poverty strategy for England.

84 Latest data (2019) estimates that around 36,600 households across the county (15.5 percent of the total) experienced fuel poverty. This is higher than the average both across England (13.4 percent) and regionally (14.8 percent). It also ranks County Durham as 46 from 151 upper tier authorities and 3rd highest across the North East.



85 Nationally, the average fuel poverty gap is estimated to be £216 and younger family households are more likely to be fuel poor.

86 Since September 2020, the council has secured over £10 million of grant funding for insulation and renewable heating measures in 600 fuel poor homes across County Durham. We have also assisted 1,724 fuel poor households to receive a grant for energy efficiency measures, equating to more than £2.9 million of external funding.

- 87 In addition, between April 2020 and August 2021, our Managing Money Better (MMB) Service assisted 796 low-income households collectively to reduce their energy bills by £65,800.

The Education (Guidance about Costs of School Uniforms) Act 2021

- 88 Statutory guidance for the new law passed by Parliament in April 2021, which will make school uniforms cheaper in England has recently been announced.
- 89 This policy will make schools place affordability at the centre of their uniform policy and is expected to limit the number of logos on uniforms, allowing parents to buy more items from supermarkets and shops other than a school's main supplier.
- 90 There is also a 'strong emphasis on second-hand uniform, advocating the benefits of this and requiring all schools to make this available to parents in some way. For example, they could either provide this service themselves or participate in other appropriate established local schemes.

Increase to the National Living Wage

- 91 From 1 April 2022, the National Living Wage will increase by 6.6 percent to £9.50 an hour. Approximately 26 percent of employees in County Durham currently earn less than £9.50 per hour. This equates to around 40,000 employees and is a higher proportion of the workforce below that level than the England average of 24 percent. Women are hardest hit with around 31 percent being paid less than the living wage, compared with around 20 percent of men.

Cut to Universal Credit Taper Rate

- 92 From 1 December 2021, the Universal Credit taper rate has been cut from 63 percent to 55 percent - meaning that people claiming Universal Credit will be able to keep more of the money they earn before their benefits are taken away. For example, someone earning £100 above their work allowance in a month would now lose £55 from their monthly universal credit claim, compared to £63 previously. Work to provide an analysis of this in terms of County Durham residents is being undertaken.

Council Investment

- 93 The council has adopted a strategic and co-ordinated approach to addressing poverty issues within the county, changes to the welfare system and the financial impact on our residents of COVID-19.
- 94 The council's investment in tackling poverty is multi-faceted and reflects a range of policy interventions to support vulnerable low-income households, including:
- (a) **Local Council Tax Reduction Scheme (LCTRS)** – there are currently 56,280 LCTRS claimants in County Durham, of which

21,104 (37 percent) are pensioners and 35,176 (63 percent) are working age claimants. Almost 80 percent of all working age claimants receive maximum help, leaving them with no council tax to pay, with LCTRS support forecast to be around £62 million this year;

- (b) **Local Council Tax Reduction Scheme Top Up Payments** - the government provided local authorities with grant funding in 2020/21 and again in 2021/22 to provide additional support to economically vulnerable people and households during the Covid-19 pandemic.

The Council has received circa £14 million of government grant funding and last year introduced a scheme that provided double the level of top up support to those households on LCTR that still had a bill to pay than what the government expected – providing additional top up payments of up to £300. The scheme was extended into the current year when the additional funding for this year was made available.

Not all councils did this, with some choosing to utilise the funding to offset tax base impacts when setting their 2021/22 budgets.

The council could afford to have a scheme which provides up to £300 of additional support because of the LCTRS is has in place – where 80 percent of working age households are in receipt of 100 percent LCTRS and have no bill to pay.

The council has utilised £1 million of the funding provided to augment its Welfare Assistance Scheme and £1.4 million of the funding to provide one-off funding to Area Action Partnerships this year to provide additional community-based support as communities recover from the pandemic. This is in line with the grant conditions.

The council spent circa £4.2 million last year making additional top-up payments and is forecast to spend a further £4 million this year and in November Cabinet agreed to extend the scheme across the next two years, but on a tapered basis, with the level of additional support provided reduced by 50 percent next year to a max of £150 and then by a further 50 percent the year after to a maximum of £75 before these top-up payments are removed in 2024/25. This will ensure that the full £14 million of government grant support provided will be spent supporting economically vulnerable people and households as they deal with and recover from the impacts of the pandemic.

- (c) **Discretionary Housing Payments (DHP) scheme** – each year the council receives a specific grant from the Department for Works and Pensions (DWP) to fund a local scheme which can provide top up payments to meet any shortfall in housing rental costs.

Any underspending against the DHP grant at year end must be returned to DWP and cannot be carried forward, even if there are

commitments against it for the following financial year. The council is allowed to supplement DHP grant with its own resources and can spend up to 2.5 times the grant provided.

An earmarked reserve exists to support any overage against the grant – where demand can fluctuate and where the council is not permitted to merely stop making payments once its grant funding is exhausted. To reduce/manage expenditure the DHP policy must be changed instead and then new applications from that point are assessed against it. In 2019/20 for instance the council had to utilise £617,859 of its own resources to augment the grant available in that year, before the grant was increased in 2020/21. The forecast balance on this reserve is £1.179 million to 31 March 2022 – reflecting one-off funding allocations over the last few years to ensure there was a buffer to meet any shortfall in the grant.

The DHP Policy is regularly reviewed, by Housing Benefits, Housing Solutions and Housing Providers to update the policy and processes where relevant, in order to ensure it is accessible and that we are spending the full grant.

Some councils do not fully utilise the funding available through the DHP grant. The council however has a strong track record in fully utilising the grant allocations available so that local residents benefit from the funding available and is constantly reviewing and adapting the local policy to manage demand and resources.

Over the last five years, DHP payments have totalled £7,374,317 largely funded by DWP grant totalling £6,512,556, but requiring council top-up funding of £861,761. In the current year the most up to date forecast shows that £1,179,886 of DHP payments will be made, which is in line with the DWP grant available; however, claims have recently increased which may necessitate use of the contingency funding available within the Welfare Assistance Scheme Reserve.

- (d) **Welfare Assistance Scheme (WAS)** - as part of Welfare Reform Act 2012, the discretionary elements of the DWP social fund transferred to local authorities and from April 2013, councils became responsible for adopting a local policy and for providing support to people in crisis through daily living expenses and settlement grants.

From April 2013 to March 2015, Durham County Council's Welfare Assistance Scheme was administrated by a local charity, Five Lamps, but was brought in house from April 2016.

The government initially provided £1.9 million of specific grant funding for these schemes, which was reduced to £1 million in 2015/16 and the funding subsumed into general formula grant. The council has maintained a budget in line with the allocation that was

subsumed into general formula grant, despite the fact that general formula grant was subsequently reduced.

The annual WAS budget is £1 million – of which £860,000 is available for spending on awards and £140,000 is a contribution to the administration costs of the scheme. The funding available for direct awards is allocated as follows:

- Area Action Partnership - £140,000 (£10,000 per AAP)
- The Durham Foodbank - £50,000
- FEED Project (East Durham Trust) - £2,700
- NE First Credit Union - £10,000 (under write of loan default)
- Daily Living Expenses and Settlement Grants - £ 657,000

The budgets were augmented with an additional £500,000 of one-off funding in 2020/21 and again in 2021/22 as part of the anti-poverty investments built into the MTFP.

Any underspending against this budget is retained in an earmarked reserve that is overseen by the Poverty Action Steering Group to help fund a range of interventions set out in the Poverty Action Plan. This has included the following:

Scheme/Initiative	£
Grant to Citizens Advice County Durham for Covid Proofing their buildings	58,091
Care Leavers Christmas Support	81,514
Homeless Emergency Packs	7,248
School Benevolent Fund	10,000
Holiday Hunger - October Half Term	160,350
That Bread and Butter Thing & Fair Shares Licenses	125,000
Holiday Activities with Food	140,000
Employability Team	300,000
Progression & Learning Team	150,000

The reserve was further augmented with £1 million of funding from the Hardship Fund government grant received in 2020/21.

Over the last five years the Welfare Assistance Scheme payments have totalled £2,966,551. In the current year it is forecast that £530,866 will be spent on this scheme.

The forecast earmarked reserve balance that will be carried over to next year is £2,484,000.

- (e) **Council Tax Exemption for Care Leavers** – from 1 April 2017 the council implemented a policy of exempting care leavers from council tax up to the age of 25. This policy offers additional support to those leaving care to facilitate their transition to independent living. This support totalled around £0.17 million of council tax reductions in 2020/21.
- (f) **New Burdens and Miscellaneous Funds** – since 2013, there have been various amounts allocated to the council from government departments to support the administration of new schemes and initiatives linked to welfare reforms and other temporary schemes aimed at financially vulnerable households; termed “new burdens” funding.

This funding has been allocated to support the council’s approach to tackling poverty; overseen and utilised by the Poverty Action Steering Group to enable a range of interventions to be implemented, for example for work with partners on advice and guidance and also to support initiatives within Housing Solutions and the Money Matters service.

During 2020/21, £247,652 of funding was allocated through the new burdens funding and in 2021/22 an additional £251,093 has been aligned to support poverty related work.

Poverty Action Strategy and Plan

- 95 Many of the drivers of poverty, such as the strength of the economy, employment, wage rates, national welfare provision and inflation, are beyond the council’s direct control. Therefore, we have developed a poverty action strategy focused on improving services and opportunity for those residents in County Durham who are experiencing poverty.
- 96 Our ambition is to do more than passively support residents to claim benefits and pay their rent. Our vision is to *“improve the standard of living and daily lives of those residents in County Durham who are currently experiencing poverty; and to help alleviate issues that can lead households on low incomes to experience poverty”*.
- 97 As the COVID-19 pandemic evolved and residents and communities were ‘locked down’, we started to see a shift in reported issues, particularly in relation to family finance.
- 98 The poverty action strategy and plan were updated to reflect this. Existing actions in our action plan were brought forward to address the impacts of the pandemic and some new short-to-medium term initiatives and investments were added.

99 Emerging actions required to help our residents' financial circumstances during the pandemic were captured under four workstreams and taken forward with key partners and stakeholders:

- (a) Community resilience;
- (b) Employment and personal sense of worth;
- (c) Welfare and money matters; and
- (d) Children and families.

Community Resilience

100 Over the last 21 months, £2.9 million⁶ has been allocated across 292 projects combatting the effects of COVID-19.

101 Annual grants have been made to the Durham Foodbank (£50,000) and the East Durham Trust (£2,700) to fund core countywide infrastructure.

102 £250,000 has been allocated to setting up 10 food hubs through the 'That Bread and Butter Thing'. Approximately 50 families engage with each of the five operational hubs each week – which provides access to low-cost food and access to advice and provides a stepping stone from the crisis support through food banks and through the Welfare Assistance Scheme. Work is underway with community groups to open a further five hubs in the coming months.

103 We have continued to work with the County Durham Together Community Hub to proactively support residents and businesses, including 70,000 people identified as potentially vulnerable.

104 The Hub contacted more than 4,000 residents identified as Extremely Vulnerable to COVID-19, responded to almost 17,000 calls and 4,000 e-mails from residents seeking advice or support, contacted almost 7,500 positive COVID-19 cases (Local Tracing Partnership) and supported a further 500 identified by the national Test and Trace team as needing to self-isolate.

105 Wrap around COVID-19 support to almost 10,000 residents, in collaboration with the Voluntary and Community Sector (VCS) and local statutory organisations. Emergency food parcels or a personal shopping service was provided to more than 3,000 vulnerable residents.

Employment and Personal Sense of Worth

⁶ £1.5 million from the council and £1.4 million in match funding

- 106 Almost 4,000 referrals have been made to Employability Durham since July 2018. The programme helps residents overcome barriers to employment, education and training. Services which switched to online and telephone contact during the pandemic are now moving back into the community with face-to-face client interaction and pre-planned sessions at Job Centre Plus offices.
- 107 Around 1,280 people have engaged with Durham Advance since September 2018, with more than 600 participants moving into employment or self-employment as a result. The programme supports those out of work and aged 25 and over with health conditions, as well as residents over 50 years old.
- 108 In excess of 480 people have engaged with LINKCD since July 2019, with more than 150 participants moving into employment or self-employment as a result. The programme supports residents who are most disadvantaged and most distant from the labour market to overcome multiple and complex barriers and move closer to or back into employment, education or training.
- 109 Between October 2018 and October 2021, more than 205 people moved into employment or self-employment through the Community Led Development programme, which uses project grants to increase jobs and growth in deprived areas across the county.
- 110 Since January 2021, 138 residents have been referred to Durham FLEX, a programme which supports the newly unemployed, those in a low paid employment and those at threat of redundancy. Fifty five participants have moved into employment or self-employment.
- 111 Durham Works, a £29 million programme which supports unemployed young people aged 16-24 to progress into work, training, education or volunteering, has supported 8,750 young people since it started in 2016. Of these, 7,116 have completed the programme and 5,830 (82 percent) have progressed into employment, education, training or gained a qualification. The programme is funded by the European Social Fund/Youth Employment Initiative (£21.8 million) with match funding of £7.2 million provided by the council and its delivery partners. The programme is working to progress as many young people as possible prior to December 2021 when the main programme will end. After this date, DurhamWorks will continue, as £16 million of additional funding has been secured until December 2023

Welfare and money matters

- 112 We continue to provide emergency food support to residents experiencing financial hardship and have provided more than 3,000 vulnerable residents with an emergency food parcel or a personal shopping service.

- 113 In the current year to date, we have made almost 1,500 Discretionary Housing Payments, committing just over £1 million to help residents with rental costs.
- 114 As part of our Welfare Assistance Scheme, we have paid £284,574 in Daily Living Expenses (DLE) and Settlement Grant (SG) awards during the current year to date.
- 115 To September 2021, we had paid almost £2.9 million in additional Council Tax Top Up Relief to residents facing financial hardship, in addition to more than £61 million provided through the Local Council Tax Reduction Scheme.
- 116 In relation to Durham Savers, a revised action plan is being delivered to promote and encourage financial awareness and develop a savings culture. Training is available to residents, businesses, schools and council employees for topics such as money management, safe credit options and 'routes out of poverty'. The council's staff salary savings scheme passed the cumulative £2.5 million in savings and loans, NEfirst Credit Union has recently passed the £6 million savings mark for County Durham residents.
- 117 Since April 2021 to November, a range of initiatives encompassing the Warm Homes Campaign and Warm and Healthy Homes have:
- supported 949 households with Energy Company Obligation grants for new heating boilers and insulation measures, equating to over £1.58 million of grants;
 - secured a significant amount of external grant funding for insulation and renewable heating measures in fuel poor homes across County Durham;
 - assisted 409 low-income households, collectively reducing their energy bills by £39,875 through the Managing Money Better (MMB) Service.
- 118 Loss of tenancy in the private rented sector continues to be one of the main drivers for homelessness, although the temporary eviction bans during the pandemic saw a pause on evictions. Housing Solutions continues to work with social housing providers to ensure tenants are referred at an early stage to help reduce evictions, have introduced 'stop b4 u serve' for tenants living in the private rented sector and are continuing to support tenants in financial difficulty.

Children and Families

- 119 The PASG allocated £143,000 for countywide holiday activities with healthy food during the May and October 2021 half terms (periods which Department for Education funding did not cover). During the May half term, 47 projects were delivered across the county, engaging with more than 2,500 children and young people. During the October half term, 74

projects were delivered across the county, engaging with approximately 3,000 children.

- 120 The council resumed temporary administrative responsibilities for the Benevolent Fund (a charitable trust) in October 2020 and approved more than 655 applications for a £35 grant towards winter coats and/or school shoes. Trustees of the fund are currently being consulted on the review of the fund and future administrative arrangements.

Advice in County Durham Partnership (AiCDP)

- 121 The AiCDP is a network of statutory and community and voluntary sector organisations working together to provide advice services across the county. Its comprehensive communications programme ensures claimants understand changes and are signposted to the most appropriate source of advice, help and support. Council employees, particularly those in customer-facing roles, receive regular updates and training so they fully understand changes to welfare and poverty issues, and the help available through the council and its partners.
- 122 During the last 12 months, more than 70 organisations have used the referral system enabling 3,578 residents to access advice and support – supporting the “no wrong door” philosophy that underpins the partnership. We anticipate that referrals will increase substantially over the next 12 months as we enter the COVID recovery period, see a return of face-to-face services within the community and initiatives such as furlough, the Universal Credit uplift and the eviction ban come to an end.
- 123 In September 2021, the AiCDP launched a new referral portal and website to improve the referral process.

Future Direction

- 124 Whilst the council has supported its most vulnerable residents over recent years and has intensified support during the COVID-19 pandemic, there is much still to do to promote social inclusion and support vulnerable residents and their families.
- 125 To help develop a new Economic Strategy for the county, we have conducted an economic review and developed a new economic statement. This provides an overview of our economic performance, suggests the areas of the economy that we need to collectively support, and firmly positions the county in regional and national conversations relating to economic growth and levelling-up. Production of a Durham County Economic Strategy in partnership with key stakeholders and following consultation will be completed by Autumn 2022.
- 126 The PASG are reviewing the current poverty action plan and associated strategy. This includes consulting with services across the council and with key partners to make best use of our collective resources, learn from

what has worked well and identify any gaps, and use our data and local intelligence to ensure the support is targeted to where it is needed.

- 127 The review will consider the council's economic statement and wider policy and consider how we can increase access to fresh, healthy, affordable food, support residents struggling with increases in cost-of-living expenses and loss of income; access to decent and affordable housing, low cost loans and how we can help residents improve their overall financial circumstances.
- 128 Initial workshops are being held in December 2021, with further work being carried out in January 2022 to refresh the Action Plan, with a view to approval in line with the refresh of the Council Plan.

Conclusion

- 129 During the pandemic our efforts to address and alleviate poverty increased significantly but there is still much to do. By maintaining our partnership-based approach to delivering the Poverty Action Strategy and action plan, we are making it everyone's business to respond to poverty and the risk to financial exclusion.

Background papers

- None

Other useful documents

- [Cabinet report, Poverty Issues, November 2020](#)
- [Cabinet report, COVID-19 planning and response, 5 June 2020](#)
- [Cabinet report, Welfare reform and poverty issues, 11 September 2019](#)
- [Cabinet report, Welfare reform and poverty issues, 13 September 2017](#)
- [Poverty Dashboard – Durham Insight](#)

Author(s)

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Appendix 1: Implications

Legal Implications

There are no direct legal implications arising out of this report, which is provided by way of update to Members on the impacts of the COVID-19 pandemic. The nature and extent of these implications are unknown and officers continue to monitor changes in primary legislation for the pandemic and EU Exit proposals to assess the likely future impacts on the council and residents of the county.

Finance

The council supports welfare provision and poverty alleviation through a number of service budgets across the council, such as the Welfare Assistance Fund and Discretionary Housing Payments (DHP) policy which are administered by the council's Revenues and Benefits Service. The council also offers discretionary County Tax relief to individuals and households in financial hardship and has protected residents from government reductions in Council Tax Benefit through the approach it has taken to local Council Tax Support.

The longer-term financial implications for the council are at this stage difficult to quantify, and are dependent on, future 'lockdowns' or local restrictions and the speed of economic recovery.

Consultation

The review of the Poverty Action Plan and Strategy which is currently underway will be informed by feedback and engagement through consultation with council services and partners during the coming months.

Equality and Diversity / Public Sector Equality Duty

The council's Welfare Assistance Scheme, Discretionary Housing Payments policy, and Local Council Tax Support Scheme, have been subject to equality impact assessments where appropriate.

Climate Change

Not applicable.

Human Rights

Note applicable.

Crime and Disorder

Not applicable.

Staffing

There are no staffing implications.

Accommodation

Not applicable.

Risk

Not applicable.

Procurement

Not applicable

Cabinet

15 December 2021

**Mainstream Primary and Secondary
Formula Funding 2022/23**

Ordinary Decision



Report of Corporate Management Team

John Pearce, Corporate Director of Children and Young People's Services

Councillor Ted Henderson, Portfolio Holder for Children and Young People's Services

Paul Darby, Corporate Director of Resources

Councillor Richard Bell, Deputy Leader and Portfolio Holder for Finance

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide an overview of the forecast Dedicated Schools Grant School Block and proposed local formula for 2022/23, where the proposal is that the council continues to align the mainstream primary and secondary formula funding in 2022/23 with the National Funding Formula (NFF).

Executive summary

- 2 The Schools Block is part of the Dedicated Schools Grant and is the main source of funding for the mainstream primary and secondary funding formula. This provides the bulk of funding for these schools.
- 3 Mainstream primary and secondary funding formulas are set locally by each local authority. There is a single formula that applies for both primary and secondary schools.
- 4 Funding regulations limit the discretion of local authorities when setting local formulas and requires that these formulas distribute the majority of

funding through pupil-led factors. Initial information in relation to funding levels for 2022/23 was released on 19 July 2021.

- 5 Nationally core school funding, which includes the Schools Block will increase in 2022/23 by £2.3 billion. This increase represents a 3.2% increase on funding available 2021/22. The majority of the increase in funding has been used to increase factor values in the NFF by between 2% and 4%, with the minimum per pupil funding guaranteed through the formula increasing to £4,265 per primary pupil and £5,525 per secondary pupil. The increase is welcome although schools will face pressures next year linked to inflation and the lifting of the public sector pay pause, which has affected schools this year.
- 6 Funding in the NFF for small primary schools in sparsely populated areas, (known as sparsity funding), has been substantially increased nationally and the eligibility criteria have been changed, which is likely to benefit more schools and allocate more funding through this factor. The changes will result in additional funding for the Schools Block.
- 7 It is forecast that the number of schools benefitting in the county from sparsity funding in Durham will increase from 13 to 30 schools, with the funding available under this formula factor increasing from £0.5 million per annum to £1.2 million per annum.
- 8 The local formula in Durham in 2021/22 is aligned to the National Funding Formula (NFF). The NFF is expected to replace local formulas in the future and the DfE is currently consulting about how to make progress with this. For 2022/23 it is recommended that the council continues to set a local formula that is aligned to the NFF.
- 9 The council is planning to use growth funding, to support one school experiencing basic need growth in pupil numbers.
- 10 The local formula factor values will be finalised upon receipt of the DSG settlement in January and the full local formula will be included in the MTFP(12) and 2022/23 budget report in February 2022.

Recommendation(s)

- 11 Cabinet recommended to:
 - (a) Agree to the 2022/23 continued alignment of the local formula to the NFF, including the changes to sparsity funding;
 - (b) Agree to the adjustment for basic need growth funding for Framwellgate Primary School; and
 - (c) Note that the formula factors will be finalised upon receipt of the finance settlement, with the detailed formula included in the

MTFP(12) and 2022/23 budget report presented to Cabinet in February 2022.

Background

- 12 The Schools Block is part of the Dedicated Schools Grant and is the main source of funding for the mainstream primary and secondary funding formula. The formula provides the bulk of funding for these schools.
- 13 The formula is based on amounts per pupil, with additions for premises-related costs and an allowance for any growth adjustments. Growth adjustments are used to provide for basic need growth that is not reflected in the formula, which uses lagged pupil numbers.
- 14 The DfE usually provides some details of funding during the summer: Units of Funding per pupil (UFs), premises-related funding and amounts per pupil for growth funding. Final allocations are not confirmed until December and use pupil numbers from the October school census.
- 15 UFs are calculated separately for primary and secondary pupils and are based on notional allocations to schools using the National Funding Formula, (NFF) and historic information about pupil numbers.
- 16 The Government's intention is to replace local formulas with a single NFF, and it is currently consulting about the next stage of its plans for this.
- 17 For the time being, mainstream primary and secondary funding formulas continue to be set locally by each local authority. Funding regulations limit the discretion of local authorities to set local formulas and require that these formulas distribute the majority of funding through pupil-led factors.
- 18 Pupil-led factors are a basic amount per pupil and formula factors for disadvantaged pupils. The factors also include a lump sum per school and a lump sum for schools in sparsely populated areas (together known as school-related factors), and some premises-related costs. The formula factors used, and the factor values (£/pupil or £/school) applied can be different for primary and secondary but are applied consistently across all schools in that phase.
- 19 The formula also guarantees schools a minimum amount per pupil and includes protection to ensure minimum increases in funding per pupil year-on-year.
- 20 The same formula is used for both schools maintained by the local authority and for academies, but for maintained schools the year's formula funding takes effect from 1 April and for academies from 1 September. The difference in dates reflects the difference in financial years for maintained schools and academies. The funding allocated

through the formula for academies is deducted from the DSG paid to local authorities and is provided direct to academy trusts by the DfE, as part of their General Annual Grant.

- 21 Formula funding uses data from the October school census and is not updated for changes in pupil numbers during the year. This means that the pupil numbers used for funding for maintained schools is seven months old and is eleven months old for academies.

Schools Block funding for 2022-23

- 22 Information about funding for 2022-23 was released on 19 July 2021. The main points are summarised below:

- (a) Core school funding, which includes the Schools Block and funding for High Needs provision, (for pupils with Special Educational Needs and Disabilities), will increase in 2022/23 by £2.3 billion, which is a 3.2% increase on 2021/22
- (b) Much of the increase in funding has been used to increase factor values in the NFF.
 - (i) The basic funding per pupil (AWPU: Age Weighted Pupil Unit) values have increased by 3%;
 - (ii) Other pupil-led factor values have increased by between 2.2% and 3.9%.
 - (iii) The lump sum has increased by 3%; and
 - (iv) Sparsity funding has increased nationally by a forecast £53 million, which more than doubles the allocation compared to 2021/22, (£42 million). Further detail is provided in the report on the forecast impact upon Durham schools.
- (c) The minimum per pupil funding guaranteed through the formula has increased by 2% to £4,265 per primary pupil and £5,525 per secondary pupil, compared to £4,180 and £5,415 in the current year.
- (d) The NFF Funding Floor, which guarantees that pupil-led funding per pupil increases by a minimum percentage year-on-year, remains at 2%. The Funding Floor is not part of local formulas, which use a Minimum Funding Guarantee (MFG) to guarantee an increase in pupil-led funding per pupil. The MFG in local formulas must guarantee an increase in the range 0.50% to 2.00%. This is the same range as for the current year; the local formula in Durham this year uses 2%, to align with the NFF Funding Floor.

Schools Block Funding for Durham

23 The main changes to funding for 2022/23 are in the UFs, and the changes are summarised in the table below:

Mainstream primary and secondary Units of Funding (UFs)	Financial Year 21-22	Financial Year 22-23	Increase £	Increase %
Primary Unit of Funding per Pupil	£4,730.80	£4,860.24	£129.44	2.74%
Secondary Unit of Funding per Pupil	£5,828.81	£6,012.58	£183.77	3.15%

24 Other changes are:

- (a) Funding for premises cost has reduced from £6.750 million to £6.063 million. This funding is based on the actual formula allocations for premises factors in the current year's formula, but the amount allocated is less than the £6.229 million that was expected. This has been queried with the DfE.
- (b) Growth funding per pupil has increased. Growth funding is allocated where pupil numbers have increased for a group of schools. Schools are grouped according to their Middle Super Output Areas (MSOA), which are areas used for statistical purposes and are defined by the Office for National Statistics. Funding is provided at a rate per pupil and the funding per pupil rates have increased by 2% for 2022-23:

Growth funding per pupil	Financial Year 21-22	Financial Year 22-23
Primary	£1,455	£1,485
Secondary	£2,175	£2,220

25 The allocation of growth funding compares growth between October School Censuses and the DfE will not provide funding allocations until the October 2021 School Census data is available.

26 A table showing the factors included in the NFF, and comparing the 2021/22 and 2022/23 rates of funding, is included in Appendix 2.

Sparsity Funding

27 The NFF includes a sparsity factor, to provide additional funding to small schools in sparsely populated local areas. Eligibility for this

funding is based on the distance to the next nearest school and the size of school. The distance to the next nearest school must be above a Minimum Distance Threshold and cannot be provided to schools above a maximum average number of pupils per year group.

28 Sparsity funding is allocated as a lump sum but in the NFF is tapered so that larger schools receive progressively less funding as they get nearer to the maximum size.

29 For 2022-23, the lump sums have increased:

Sparsity funding lump sums per school	Financial Year 21-22	Financial Year 22-23	Increase £	Increase %
Primary	£45,000	£55,000	£10,000	22.22%
Secondary	£70,000	£80,000	£10,000	14.29%

30 Local formulas can use smaller lump sums but cannot exceed the NFF values.

31 Another change is that the method of measuring the distance to the next nearest school has changed from being as the crow flies, to being based on distance by road. It should be noted that the distance is not the distance between schools, but the average distance to the next nearest school for pupils who live nearest to each school, even if they do not attend that school.

32 Another change is the introduction of a Distance Taper Threshold, which provides a proportion of sparsity funding to schools whose average distance is no more than 20% less than the Minimum Distance Threshold. This is designed to allow funding to gradually increase, so that schools that are close to, but below, the Minimum Distance Threshold are not disadvantaged compared to schools that are just above the threshold.

33 The NFF sparsity thresholds are set out below:

Sparsity thresholds	Primary	Secondary
Maximum average year group	21.4	120
Minimum Distance Threshold (miles)	2.0	3.0
Distance Taper Threshold (miles)	1.6	2.4

34 With the exception of the Distance Taper Threshold, the values are the same as in 2021/22.

- 35 For a primary school with pupils in seven year groups, the maximum average is equivalent to just under 150 pupils on roll. For a secondary school with pupils in five year groups, the maximum average is equivalent to 600 pupils.
- 36 The Minimum Distance Threshold is the average distance to the next nearest school in the phase.
- 37 Local formulas have the option to make the criteria more restrictive, (i.e., reduce the number of schools that are eligible for funding), through lowering the maximum average year group or increasing the Minimum Distance Threshold, and do not have to use the Distance Taper Threshold. As noted, the NFF uses a taper and local formulas can use one of three options:
- (a) No taper, so that all eligible schools get the full lump sum.
 - (b) A taper that reduces funding on a straight line, but only begins to taper funding when schools exceed half the maximum average year group, (so a secondary school with 300 pupils would get the full lump sum and a secondary school with 450 pupils would get 50% of the lump sum). This is the taper used in the NFF.
 - (c) A taper that reduces funding on a straight line for all schools, so that a secondary school with 300 pupils would get 50% of the lump sum and a secondary school with 450 pupils would get 25% of the lump sum).
- 38 There is also an option to apply to provide an additional £50,000 of sparsity funding for very small secondary schools. This applies to schools with less than 350 pupils, pupils in Years 10 and 11, and an average distance above 5 miles. On the basis of last year's data, no secondary schools in Durham would qualify for this funding.
- 39 In 2021/22 the local formula in Durham used the NFF values and taper, in accordance with the overall policy of aligning the local formula as closely as possible to the NFF. As in previous years, only schools in the Dales have been eligible for this funding.
- 40 For 2022/23, it is forecast that that more schools will be eligible, because of the changes to the method of measuring distance and the Minimum Distance Threshold. The DfE have published notional NFF allocations for schools using 2021/22 data, which support this. Appendix 2 shows notional sparsity allocations calculated by the DfE using the 2022/23 NFF and 2021/22 school data. Sparsity funding for 2021/22 is also shown.

- 41 The table in Appendix 3 includes 30 schools to which the DfE has notionally allocated funding, one of which, Fyndoune Community College, has now closed. It is forecast therefore that the number of schools who will be able to access sparsity funding will have more than doubled as the number of schools that received funding in 2021/22, was 13. Fyndoune Community College was not eligible for sparsity funding in 2021/22.
- 42 The total value of the notional 2022/23 allocation is £1.2 million, £700,000 more than the allocation in 2021/22. These notional allocations were taken into account in determining the Units of Funding (UFs) for 2022/23. It is forecast therefore that the overall Schools Block allocation for Durham will be higher than it would have been without the increased sparsity funding. The actual number of schools that qualify for sparsity funding will be determined by the outcome of the October 2021 Schools Census.
- 43 As already noted, the council does have the option to use smaller lump sums, make the eligibility criteria more restrictive, and can choose not to use the Distance Taper Threshold.
- 44 This is not recommended however as the changes to the sparsity factor are an improvement that better targets funding to schools affected by sparsity because:
- (a) The use of distance by road rather than as the crow flies is a better indicator of the implications for families of having to travel to an alternative school.
 - (b) The Distance Taper Threshold provides for a gradual increase in funding as the average distance to the second nearest school increases and does not result in an abrupt change when a school crosses the threshold.
- 45 The changes will increase the amount of funding allocated to sparsity funding, but as noted, the overall allocation of funding will increase in line with the increase in notional allocations through the UFs.
- 46 This report therefore recommends that Cabinet agree to the use of the NFF sparsity factor in the local formula.

Local funding formula for Durham

- 47 The local formula is determined by Cabinet, following consultation with schools and the Schools Forum.
- 48 From 2018/19 to 2020/21, the local formula in Durham was a transitional one, intended to provide a smooth transition from the old

local formula to the NFF, in anticipation of the replacement of local formulas by the NFF.

- 49 The local formula in 2021/22 was aligned to the NFF. This means that the factor values were as close to the values in the NFF as possible. It is not possible to use the same factor values, because the values must be adjusted so that the overall allocation to schools through the formula matches the total funding available through the Schools Block.
- 50 If Cabinet agreed to set the 2022/23 formula on the same basis as in 2021/22, the local formula factors would be based on the NFF values, shown in Appendix 2, but adjusted to match the allocations to the funding available.
- 51 In considering setting the local formula for 2022/23, it is important to take account of the DfE's consultation about replacing local formulas with the National Funding Formula (NFF).
- 52 The DfE's policy since 2011 has been that local formulas should be replaced by the NFF and since 2013 it has made changes to the funding regulations to reduce local discretion and reduce the difference between local formulas and the NFF.
- 53 The replacement of local formulas with a centrally set NFF has however been delayed on a several occasions. The DfE has recently issued a consultation about making further progress towards replacing local formulas. The proposals do not give a definite timetable for the replacement of local formulas but propose requiring local formulas to move towards alignment with the NFF from 2023/24.
- 54 The consultation proposals set out an ambition to increase the rate of convergence in future years, but do not commit to this; future convergence will be subject to a review of the impact of the change on schools.
- 55 The main consideration about the timetable for replacing local formulas is that potential for turbulence in funding. However, there is no indication of the point at which the DfE might think that local formulas were sufficiently close to the NFF that local formulas could be replaced without turbulence.
- 56 This proposal does not require any changes next year but does make clear that the DfE intends to replace local formulas and that any divergence from the NFF in the local formula for 2022/23 would be temporary. Any decision not to use any of the NFF factors in the local formula would have to be reversed in 2023/24 and any changes in formula values to diverge from the NFF values would not have a long-term effect. It's possible that any such divergence would increase

turbulence for schools in future years as the rate at which local formulas were required to move towards the NFF accelerated.

- 57 The Schools Forum considered a report on the 2022/23 formula in September 2021 and did not raise any objections to continuing to align the local formula to the NFF. A consultation document was placed on the Extranet in October, inviting schools to express their views, but no feedback was received. The Forum will receive a further report on 25 November and a verbal update will be provided at the Cabinet meeting.
- 58 Bearing in mind these considerations, this report recommends that Cabinet agree to continue with the policy of aligning the local formula to the NFF.

Growth funding

- 59 This funding is provided to local authorities to recognise that they need to provide additional funding to schools who are experiencing basic need growth, because of increases in pupil numbers. Basic need increases in pupil numbers are not included in the school census numbers used for formula funding and this means that schools with an increase in pupil numbers from September do not receive any funding for these pupils for the seven months after these pupils are admitted.
- 60 Growth funding cannot be used for increases in pupil numbers arising from increased popularity with parents, nor is there any adjustment to funding where pupil numbers are reducing because a school is becoming unpopular with parents.
- 61 Growth funding is part of the Schools Block and the amount added to the Schools Block is determined by changes in pupil numbers from one October census to the next. Funding is only provided where there is a net increase in either primary or secondary pupil numbers for schools in a Middle Super Output Area (MSOA). MSOAs are defined by the Office for National Statistics and usually contain a number of primary schools, but often just one secondary school.
- 62 The growth allocation in the Schools Block is not ring-fenced and if not used for growth forms part of the overall amount available for allocation through the formula.
- 63 In 2021/22 growth funding was provided to Framwellgate Primary School, following its agreement to a request from the council to increase its Published Admission Number in 2018 from 30 to 45. This means that, providing that it is admitting at its increased PAN, for each year for the first seven years of the increased PAN it is funded for fewer pupils than the number used in the formula. The school's numbers on roll from the October 2021 School Census are shown below:

	R	Y1	Y2	Y3	Y4	Y5	Y6	Total
Framwellgate Moor Primary	45	45	44	44	30	31	30	269

64 The table above highlights the increase in pupils in the four year groups, admitted since the increase in the PAN. The school admissions to reception in September 2021 are equal to the PAN.

65 The capacity of schools in the planning area is 1,155 and the number on roll is 1,066. This means that there are spare places in the planning area, but had Framwellgate not increased its PAN, the capacity would only be 1,050 and there would be a shortage of places in the local planning area from September:

Planning Area 35: Framwellgate Moor	PAN	Number of year groups	School capacity (PAN x year groups)	School capacity if no increase in PAN from Framwell-gate	Numbers on roll October 2021
Newton Hall Infant	60	3	180	180	147
Finchale Primary	30	7	210	210	210
Framwellgate Moor Primary	45	7	315	210	269
St. Godric's RC Primary	30	7	210	210	211
Blue Coat CE Junior	60	4	240	240	229
TOTAL			1,155	1,050	1,066

66 Comparing the admissions in September 2021 (45) to the leavers from Year 6 at the end of the summer term (31), there is a net increase in numbers of 14 as a result of the increased PAN. For an increase of 14 pupils, the appropriate adjustment to numbers on roll is 7/12s of the increase, which would be 8.17 pupils. The council therefore intends to increase the October 2021 School Census pupil numbers for Framwellgate Moor Primary School by 8.17 for the purposes of determining the mainstream primary and secondary funding formula for 2022/23.

67 This adjustment is for one year only and the position will be reviewed again for 2023/24. Cabinet is recommended to agree to this adjustment.

Conclusion

- 68 The DfE has provided information about Schools Block funding for 2022/23. The Schools Block is used to determine funding for the mainstream primary and secondary funding formula, which is currently a local formula set by each local authority.
- 69 The funding allocations to local authorities will not be finalised until December, but the information provided allows local authorities to start planning for next year and to set a provisional funding formula.
- 70 For a number of years Government policy has been that local funding formulas should eventually be replaced by the National Funding Formula (NFF), which is already used in determining funding for each local authority.
- 71 The local formula in Durham is already aligned to the NFF and the DfE is consulting about making changes to require all local formulas to comply more closely to the NFF as part of making progress towards the replacement of local formulas.
- 72 There are significant changes to how sparsity funding is to be allocated next year. This is funding to help small schools in sparsely populated areas. The changes will increase the number of schools that are eligible for this funding and the amount to be allocated in this way. This change will result in additional funding being provided and the council's view is that sparsity funding will be better allocated as a result of these changes.
- 73 The council proposes to adjust pupil numbers, for formula funding purposes, for one school that is admitting additional pupils following a request to increase its Published Admission Number to accommodate a basic need for places.

Background papers

- None

Other useful documents

- None

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Appendix 1: Implications

Legal Implications

Schools are largely funded by Dedicated Schools Grant (DSG).

The Dedicated Schools Grant is issued by the Department for Education, with the terms of grant given governed by section 16 of the Education Act 2002, which states that it is a ring-fenced specific grant that must be used in support of the schools' budget as defined in the School and Early Years Finance (England) Regulations.

Local authorities are currently responsible for establishing a local formula for distributing the funding to individual schools. This is subject to national regulations and statutory restrictions established by the Education and Skills Funding Agency.

Since 2013/14, local discretion over the funding formulae that can be applied has been significantly restricted, with local decision making limited to the application of a relatively small number of formula factors, most of which are pupil-led, with the rest being either school-led or relating to specific premises related costs.

The funding framework governing schools finance, which replaced Local Management of Schools, is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998. Under this legislation, the council is required to publish a Scheme of Financing for Schools.

The scheme sets out the financial relationship between the authority and the maintained schools that it funds, including the respective roles and responsibilities of the authority and schools. Under the scheme, deficits of expenditure against budget share (formula funding and other income due to the school) in any financial year are charged against the school and deducted from the following year's budget share to establish the funding available to the school for the coming year.

The Council is restricted by legislation from allocating funding to a particular mainstream school as its funding must come from the local formula.

Finance

The Dedicated Schools Grant (DSG) is a specific earmarked grant provided by the Government which provides the major source of funding for schools and the provision of support to them. It is notionally split into four 'blocks': Early Years, High Needs Central School Services and Schools.

All DSG funding must be spent on schools or support to them.

Starting in 2018/19, funding allocations to each local authority's Schools Block of the DSG are based on notional funding for each school using the National Funding Formula, which is determined by the DfE. Individual local authorities use the Schools Block funding to set a local formula using the available funding and in accordance with funding regulations, which limit the discretion of authorities.

Local authorities will continue to set local formulas for the time being. DfE policy is that in the longer-term local formulas will be replaced by the NFF, which will determine allocations to individual schools. The Government is encouraging local authorities to align their local formula with the NFF and is consulting about requiring local authorities to move local formulas closer to the NFF.

The NFF puts more funding into pupil-led factors than school-led factors, which could create longer-term challenges for smaller schools, because the increase in pupil-led funding will be of less benefit to schools with smaller numbers of pupils. The NFF will include minimum funding levels which may reduce the amount that can be allocated through factors such as deprivation.

Consultation

The Council must consult with schools and the Schools Forum before setting its local funding formula for mainstream schools. The latter is a statutory consultative body, mainly consisting of representatives of head teachers, governors and academy trusts, plus Trade Unions.

The proposals in this report were considered by Schools Forum, via its meeting on 22 September 2021. A consultation document was made available to schools through the Schools Extranet, but no responses were received. A further report will be considered by the Forum via its meeting on 25 November and a verbal update will be provided at the Cabinet meeting.

Equality and Diversity / Public Sector Equality Duty

An Equality Impact Assessment is attached at Appendix 4.

Previous year's assessments have concluded that, with the exception of age, the formula does not differentiate according to any of the protected characteristics from an Equality Act perspective.

The differentiation in respect of age is in accordance with the factor values attached to each key stage in the education lifecycle, which is common practice and a key feature of the existing local formula across the country and the NFF and recognises differences in the provision required by pupils of different ages.

Faith schools receive less funding per pupil, on average, compared to non-faith schools. However, it should be noted that the formula does not

differentiate between schools in terms of religion but does take account of additional needs in calculating allocations. A comparison of faith and non-faith schools supports a view that differences between these types of school is a result of differences in the proportion of pupils who are eligible for additional needs funding.

Where funding reduces from year-to-year schools will continue to be supported to understand the implications, to forecast any budget shortfall and to identify appropriate savings that can be made to balance the budget. Where a staff restructuring is necessary schools will also continue to be supported through this process.

Climate Change

None

Human Rights

None

Crime and Disorder

None

Staffing

There are likely to be consequential restructuring and potential redundancies in schools where funding is reduced.

Accommodation

None

Risk

There is a risk of that any decision by the council to diverge from the NFF will have to be reversed in the following year, because of planned restrictions on local discretion. This will give an inconsistent message to schools about funding, making it harder for them to plan and may result in some schools seeing a smaller increase in funding than they would otherwise.

Procurement

None

Appendix 2: National Funding Formula (NFF) factors

Category	Factor	2021/22 formula NFF values £	2022/23 formula NFF values £	Percentage increase
Basic funding per pupil	Primary	3,123.00	3,217.00	3.01%
	KS3	4,404.00	4,536.00	3.00%
	KS4	4,963.00	5,112.00	3.00%
Deprivation	Free School Meals Entitlement (Primary)	460.00	470.00	2.17%
	Free School Meals Entitlement (Secondary)	460.00	470.00	2.17%
	FSM6 (Primary)	575.00	590.00	2.61%
	FSM6 (Secondary)	840.00	865.00	2.98%
	IDACI Band F (Primary)	215.00	220.00	2.33%
	IDACI Band E (Primary)	260.00	270.00	3.85%
	IDACI Band D (Primary)	410.00	420.00	2.44%
	IDACI Band C (Primary)	445.00	460.00	3.37%
	IDACI Band B (Primary)	475.00	490.00	3.16%
	IDACI Band A (Primary)	620.00	640.00	3.23%
	IDACI Band F (Secondary)	310.00	320.00	3.23%
	IDACI Band E (Secondary)	415.00	425.00	2.41%
	IDACI Band D (Secondary)	580.00	595.00	2.59%
	IDACI Band C (Secondary)	630.00	650.00	3.17%
	IDACI Band B (Secondary)	680.00	700.00	2.94%
IDACI Band A (Secondary)	865.00	890.00	2.89%	
EAL	Primary	550.00	565.00	2.73%
	Secondary	1,485.00	1,530.00	3.03%
Mobility	Primary	900.00	925.00	2.78%
	Secondary	1,290.00	1,330.00	3.10%
LPA	Primary	1,095.00	1,130.00	3.20%
	Secondary	1,660.00	1,710.00	3.01%
Minimum per-pupil funding	Primary	4,180.00	4,265.00	2.03%
	Secondary	5,415.00	5,525.00	2.03%
Lump sum	Primary	117,800.00	121,300.00	2.97%
	Secondary	117,800.00	121,300.00	2.97%
Sparsity	Primary	45,000.00	55,000.00	22.22%
	Secondary	70,000.00	80,000.00	14.29%

Appendix 3: Sparsity Funding Notional NFF Allocations

School Number	School	Total pupils	Average distance to next nearest school (miles)	Average year group size	Lump sum percentage applied for NFF taper	Lump sum percentage applied for Distance Taper Threshold	Overall Sparsity Lump Sum Percentage Applied	Funding using 22-23 NFF and 21-22 data £	Funding in 2021-22 £
3303	Bowes Hutchinson's CE	62	4.9	8.86	100.00%	100.00%	100.00%	55,000	45,000
2261	Burnhope Primary	89	1.9	12.71	81.18%	75.50%	61.29%	33,708	-
2413	Butterknowle Primary	49	1.9	7.00	100.00%	73.00%	73.00%	40,150	-
2351	Byers Green Primary	85	2.1	12.14	86.52%	100.00%	86.52%	47,583	-
2440	Cockfield Primary	88	1.8	12.57	82.51%	46.00%	37.96%	20,875	-
2185	Cotherstone Primary	50	4.2	7.14	100.00%	100.00%	100.00%	55,000	45,000
4192	Durham Community Business College	294	3.4	58.80	100.00%	100.00%	100.00%	80,000	-
3063	Ebchester CE Primary	91	1.8	13.00	78.51%	42.50%	33.36%	18,350	-
2399	Fishburn Primary	126	1.7	18.00	31.78%	14.25%	4.53%	2,490	-
2410	Forest of Teesdale Primary	3	5.5	1.00	100.00%	100.00%	100.00%	55,000	45,000
2319	Frosterley Primary	37	2.9	6.17	100.00%	100.00%	100.00%	55,000	45,000
4052	Fyndoune Community College	85	3.0	21.25	100.00%	100.00%	100.00%	80,000	-
3131	Gainford CofE Primary	71	2.9	10.14	100.00%	100.00%	100.00%	55,000	45,000
2301	Hamsterley Primary	37	2.9	5.29	100.00%	100.00%	100.00%	55,000	-
2509	Hesleden Primary	91	1.8	13.00	78.51%	47.50%	37.29%	20,509	-
3183	Hutton Henry CE Primary	70	2.0	10.00	100.00%	100.00%	100.00%	55,000	-

School Number	School	Total pupils	Average distance to next nearest school (miles)	Average year group size	Lump sum percentage applied for NFF taper	Lump sum percentage applied for Distance Taper Threshold	Overall Sparsity Lump Sum Percentage Applied	Funding using 22-23 NFF and 21-22 data £	Funding in 2021-22 £
3134	Ingleton CE Primary	53	2.7	7.57	100.00%	100.00%	100.00%	55,000	45,000
2374	Kelloe Primary	108	1.6	15.43	55.81%	5.50%	3.07%	1,688	-
2472	Ludworth Primary	83	1.8	11.86	89.19%	53.50%	47.71%	26,243	-
2430	Middleton-in-Teesdale Primary	107	5.7	15.29	57.14%	100.00%	57.14%	31,429	25,714
2321	Rookhope Primary	11	4.7	2.20	100.00%	100.00%	100.00%	55,000	45,000
2322	St John's Chapel Primary	13	2.8	2.60	100.00%	100.00%	100.00%	55,000	45,000
3441	St Michael's CE Primary	107	2.4	15.29	57.14%	100.00%	57.14%	31,429	-
4008	Staindrop Academy	370	6.2	74.00	76.67%	100.00%	76.67%	61,333	53,667
3087	Stanhope Barrington CfE Primary	134	2.8	19.14	21.10%	100.00%	21.10%	11,602	9,493
4007	Teesdale School	593	7.4	118.60	2.33%	100.00%	2.33%	1,867	1,633
4006	UTC South Durham	217	2.9	108.50	19.17%	82.50%	15.81%	12,650	-
2324	Wearhead Primary	20	2.9	2.86	100.00%	100.00%	100.00%	55,000	45,000
2328	Witton-le-Wear Primary	94	1.9	13.43	74.50%	69.50%	51.78%	28,477	-
2428	Woodland Primary	30	2.5	4.29	100.00%	100.00%	100.00%	55,000	-
	TOTAL							1,210,384	495,507

Appendix 4: Equality Impact Assessment

Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	Financial Services, School Funding Team
Lead Officer	David Shirer
Title	Mainstream primary and secondary formula 2022-23
MTFP Reference (if relevant)	
Cabinet Date (if relevant)	15 December 2021
Start Date	1 April 2022
Review Date	

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

The Council is required to set a local formula to distribute funding to mainstream primary and secondary schools, including academies. Government policy is to replace local formulas with the National Funding Formula (NFF). There is no date for the replacement of local formulas, but it will be no earlier than 2024-25.

The recommendation to Cabinet is that the local formula should be fully aligned to the NFF, which was the basis agreed for the current year's formula. This means that the factor values will be as close to the values in the NFF as is possible. It is not possible to use exactly the same factor values, because the values must be adjusted so that the overall allocation to schools through the formula matches the total funding available.

A national EIA for the NFF is available through the gov.uk website:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003492/2022-23_NFF_Policy_Document.pdf

[\(Pages 14 to 16\)](#)

This is relevant, because the recommended formula, is based on the NFF.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

Pupils, their families and school-based staff. Also affected are the Council, which is responsible for maintaining schools, academy trusts and Roman Catholic and Church of England diocese, in respect of voluntary controlled and voluntary aided schools.

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	N	N
Disability	N	Y
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	N
Race (ethnicity)	N	Y
Religion or Belief	N	N
Sex (gender)	N	N
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

The formula includes factors which act as proxy measures for pupils who are likely to need additional support to achieve the expected level of attainment, which will contribute to increasing equality of opportunity.

The formula does not differentiate between pupils from different groups and allocates funding on the basis of factors that are likely to be relevant to their educational needs.

Evidence

What evidence do you have to support your findings?
Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

NFF EIA (see link above)

Analysis in respect of faith schools (see below)

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	Y
No evidence of actual or potential impact on some/all of the protected characteristics?	N

Sign Off

Lead officer sign off: David Shirer	Date: November 2021
Service equality representative sign off:	Date:

If carrying out a full assessment please proceed to section two.

If not proceeding to full assessment please return completed screenings to your service equality representative and forward a copy to equalities@durham.gov.uk

If you are unsure of potential impact please contact the corporate research and equalities team for further advice at equalities@durham.gov.uk

Section Two: Data analysis and assessment of impact

Please provide details on impacts for people with different protected characteristics relevant to your screening findings. You need to decide if there is or likely to be a differential impact for some. Highlight the positives e.g. benefits for certain groups, advancing equality, as well as the negatives e.g. barriers for and/or exclusion of particular groups. Record the evidence you have used to support or explain your conclusions. Devise and record mitigating actions where necessary.

Protected Characteristic: Age															
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.		What further action or mitigation is required?												
No adverse impact	<p>Basic funding per pupil increases from primary (reception to Year 6) to KS3 (Years 7 to 9) to KS4 (Years 10 to 11). This is in line with normal practice in most authorities and the NFF and recognises the increasing cost per pupil as they get older: <i>As pupils progress through key stages, the breadth and complexity of the curriculum increases, requiring more subject experts, specialist teaching facilities and examination fees expenditure. (NFF EIA, paragraph 19, DfE).</i></p>		None												
<table border="1"> <thead> <tr> <th>Basic funding per pupil in 2022-23 NFF (£ / pupil)</th> <th>Primary</th> <th>KS3</th> <th>KS4</th> </tr> </thead> <tbody> <tr> <td>Non-faith schools</td> <td>3,217</td> <td>4,536</td> <td>5,112</td> </tr> <tr> <td>Faith schools</td> <td>3,217</td> <td>4,536</td> <td>5,112</td> </tr> </tbody> </table>				Basic funding per pupil in 2022-23 NFF (£ / pupil)	Primary	KS3	KS4	Non-faith schools	3,217	4,536	5,112	Faith schools	3,217	4,536	5,112
Basic funding per pupil in 2022-23 NFF (£ / pupil)	Primary	KS3	KS4												
Non-faith schools	3,217	4,536	5,112												
Faith schools	3,217	4,536	5,112												

Protected Characteristic: Disability		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
Limited positive impact	Most funding to meet the needs of children with disabilities is provided separately to this formula.	None

Protected Characteristic: Marriage and civil partnership (workplace only)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
N/A		

Protected Characteristic: Pregnancy and maternity		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
None	This is not relevant to school funding	None

Protected Characteristic: Race (ethnicity)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>Limited positive impact</p> <p>The transitional formula includes a factor in respect of pupils with English as an Additional Language providing slightly more resources to schools for such pupils.</p> <p>The transitional formula includes a mobility factor, which is potentially relevant to Gypsy/Roma pupils and pupils of Irish traveller heritage.</p>	<p>The formula includes factors which provide for additional needs relevant to race / ethnicity</p>	<p>None</p>

Protected Characteristic: Religion or belief												
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?										
<p>The formula is applied to Roman Catholic primary and secondary schools and Church of England primary schools (there are no Church of England secondary schools). The formula does not differentiate between schools according to whether they are faith schools or not.</p> <p>Funding per pupil for faith schools is less than for other schools. The table below shows funding per pupil from the 2021-22 formula, which is also based on the NFF:</p> <table border="1"> <thead> <tr> <th></th> <th>£/pupil</th> </tr> </thead> <tbody> <tr> <td>Primary Secular</td> <td>4,851</td> </tr> <tr> <td>Primary Faith</td> <td>4,720</td> </tr> <tr> <td>Secondary Secular</td> <td>6,103</td> </tr> <tr> <td>Secondary Faith</td> <td>5,665</td> </tr> </tbody> </table> <p>This is a result of applying the formula, which takes account of additional needs (deprivation, English as an Additional Language, mobility and Low Prior Attainment), where faith schools tend to have fewer eligible pupils.</p>		£/pupil	Primary Secular	4,851	Primary Faith	4,720	Secondary Secular	6,103	Secondary Faith	5,665	<p>The proportion of pupils who are eligible for funding through additional needs factors is higher for non-faith schools in most categories which is predominately why faith schools will see a smaller increase in funding per pupil.</p> <p>See 'Appendix A' accompanying this EIA, which shows the proportions of faith and non-faith pupils who were eligible for additional needs factors in the 2021-22 formula.</p>	None
	£/pupil											
Primary Secular	4,851											
Primary Faith	4,720											
Secondary Secular	6,103											
Secondary Faith	5,665											

Protected Characteristic: Sex (gender)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
The formula does not differentiate between pupils on this basis and there are no single-sex schools affected by the formula		None

Protected Characteristic: Sexual orientation		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
None	The formula does not differentiate between pupils on this basis	None

Protected Characteristic: Transgender		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
None	The formula does not differentiate between pupils on this basis	None

Section Three: Conclusion and Review

Summary

Please provide a brief summary of your findings stating the main impacts, both positive and negative, across the protected characteristics.

With the exception of age, the formula does not differentiate according to protected characteristics. The differentiation in respect of age is in accordance with common practice that recognises differences in the provision required by pupils of different ages.

Faith schools generally receive less funding than non-faith schools. The formula does not differentiate between schools but does take account of additional needs. A comparison of faith and non-faith schools shows that the proportion of pupils who are eligible for additional needs funding in is smaller in faith schools.

There is a minimal positive impact in terms of disability as most funding to meet the needs of children with disabilities is provided separately to this formula. There is a minimal positive impact in terms of race as the formula includes a factor in respect of pupils with English as an Additional Language providing slightly more resources to schools for such pupils. Also, a mobility factor, which is potentially relevant to Gypsy/Roma pupils and pupils of Irish traveller heritage.

Will this promote positive relationships between different communities? If so how?

No impact expected

Action Plan

Action	Responsibility	Timescales for implementation	In which plan will the action appear?

Review

Are there any additional assessments that need to be undertaken? (Y/N)

N

Sign Off

Lead officer sign off:
School funding manager

Date:
30 Nov 2021

Service equality representative sign off:
E&D Team Leader

Date:
30 Nov 2021

Please return the completed form to your service equality representative and forward a copy to equalities@durham.gov.uk

Appendix A: Comparison of proportions of pupils with additional needs between secular and faith Schools

Additional needs category	Additional needs factor	Proportion of pupils eligible in secular schools	Proportion of pupils eligible in faith schools	Faith proportion less secular proportion
Deprivation	Free School Meals Entitlement (Primary)	33.27%	19.08%	-14.19%
	Free School Meals Entitlement (Secondary)	26.59%	15.36%	-11.23%
	FSM6 (Primary)	35.88%	21.33%	-14.55%
	FSM6 (Secondary)	34.22%	20.42%	-13.79%
	IDACI Band F (Primary)	13.70%	14.39%	0.69%
	IDACI Band E (Primary)	18.91%	10.12%	-8.79%
	IDACI Band D (Primary)	11.82%	8.64%	-3.18%
	IDACI Band C (Primary)	8.74%	6.37%	-2.37%
	IDACI Band B (Primary)	10.34%	7.17%	-3.17%
	IDACI Band A (Primary)	6.46%	5.15%	-1.31%
	IDACI Band F (Secondary)	13.35%	15.89%	2.54%
	IDACI Band E (Secondary)	16.62%	12.64%	-3.98%
	IDACI Band D (Secondary)	10.21%	12.28%	2.07%
	IDACI Band C (Secondary)	7.75%	6.50%	-1.25%
	IDACI Band B (Secondary)	9.63%	6.78%	-2.85%
	IDACI Band A (Secondary)	6.12%	3.21%	-2.91%
English as an Additional Language	Primary	1.39%	2.15%	0.75%
	Secondary	0.38%	0.31%	-0.07%
Mobility	Primary	3.58%	2.89%	-0.69%
	Secondary	2.31%	1.20%	-1.11%
Low Prior Attainment	Primary	30.26%	25.42%	-4.83%
	Secondary	34.50%	29.12%	-5.38%

Cabinet

8 December 2021

Council Homes Programme Update



Ordinary Decision

Report of Corporate Management Team

Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Councillor James Rowlandson, Cabinet Portfolio Holder for Investments, Resources and Assets.

Purpose of the Report

- 1 This report will set out the strategic rationale behind the Council Homes programme, update Cabinet on the progress to date, seek approval to commence work on the second phase of the programme and set out the Council's strategy for the development of new council homes within the rural west of the County.

Executive summary

- 2 The Government has established ambitious targets to deliver 300,000 affordable homes each year and set out its plan to do this in the Government White Paper "Fixing Our Broken Housing Market" 2017. The White Paper included proposals to build the right homes in the right place, building homes faster, diversifying the housing market and helping people now.
- 3 The only time since the second world war that any Government achieved the delivery of over 300,000 homes per annum was when councils played a major role in the direct delivery of affordable new homes.
- 4 Within County Durham, even with the best efforts of the Council working with our Registered Provider partners, we have consistently failed to deliver on our Affordable Homes Targets. The Strategic Housing Market Assessment SHMA identified a net shortfall of 836 affordable dwellings per year (2016 – 35). Taking account of delivery of all types

by all developers, we have struggled to meet 50% of this need on an annual basis.

- 5 The White Paper signalled a new active role for local authorities to get involved once again in the direct development of affordable homes. The main hurdle that prevented councils from delivering to their capacity was swept aside with the removal of the debt cap opening the door for councils to make a significant contribution to the national effort and locally helping to close the gap in affordable housing delivery for local people. Up and down the country proactive councils like ourselves are stepping forward to play their part in meeting the acute housing need that exists.
- 6 Since the approval of the Council Homes programme by Cabinet in October 2020, officers have been working hard on a comprehensive strategy to deliver 500 new council homes between now and 2026. This work has been centred around 5 strategic themes covering governance, development, finance, housing management and regulatory standards. An update on progress is contained later within this report.
- 7 Work has progressed well on the preparations for the development of the seven sites already included in Phase 1ne of the programme. Cabinet is now asked to approve the sites to be included in Phase 2 so that work can commence on site investigation work, viability assessments, site layout and designs to ensure the delivery of the programme within the set timetable.
- 8 The Council has specific challenges in delivering essential affordable housing within the rural west of the county where a small number of new affordable homes will make a significant difference in local communities. The Council's approach needs to be different as it does not have its own land holdings to develop new homes on. The report details the Council's strategy for developing new affordable homes in rural communities.
- 9 The Council is setting out to deliver high quality energy efficient homes with a focus on the provision of around 65% of the homes developed as bungalow accommodation for our aging population.
- 10 New homes for rent will be let under Secure Tenancies. As a consequence, they will be subject to the Right to Buy with tenant discounts in line with legislation. The RTB scheme has a cost floor rule that reduces the tenant discount to zero in the event that the cost floor (i.e. the cost of building the property) is higher than the RTB value with discount. These cost floor provisions apply for 15 years in the case of new homes being built by the Council. As such, the cost floor rules will effectively prevent purchases with any discount for 15 years and after

that period RTB purchases with discounts would apply. The Council can apply further restrictions with regard to the Right to Buy in designated rural areas which are covered later in the proposed Rural Affordable Homes Plan.

- 10 The overall financial arrangements modelled in support of the strategic business case demonstrated the ability of the Housing Revenue Account to be self-financing after the initial pump priming necessary to execute the programme. Importantly, the development of 500 new homes programme will result in a total capital spend of approximately £70 million with over £18 million in Government funding support through the Homes England Affordable Homes Programme. This comes at a crucial time to contribute to the economic recovery from the Covid-19 pandemic within the local construction industry and supply chain. It is envisaged that emerging work with Procurement on a Local Wealth Building programme will ensure that local communities and businesses have the opportunity to benefit.

Recommendations

- 11 Cabinet is recommended to:
- (a) note the progress to date;
 - (b) agree Phase 2 of the Council House Building Programme subject to and assessment of the viability of each individual scheme;
 - (c) delegate authority to the Corporate Director of Regeneration and Economic Growth and the Corporate Director of Resources, in consultation with the Portfolio holders of Investments, Resources and Assets and Finance to:
 - (i) consider detailed reports on scheme viability and to sign off schemes for full development,
 - (ii) agree any substitute sites to replace sites that do not pass the appropriate viability tests;
 - (d) agree the Rural Housing Plan outlined within the report.

Background

- 12 In October 2020, Cabinet approved a development programme to build 500 new council homes over the next five years.
- 13 There is a national shortage of affordable housing and at a County Durham level there is also a need to increase the supply of affordable homes to meet the targets outlined in the Local Plan and to help individuals and families who are in housing need.
- 14 In County Durham there are 242,160 dwellings with approximately 51% being owner occupied, 28% privately rented and 21% affordable homes owned by Housing Associations. The Council was the largest social housing landlord in Durham prior to the stock transfer in 2015, owning and maintaining 18,500 homes representing nearly 40% of the social housing stock in the County. The stock transfer took place to secure long term investment in the housing stock and in the development of new homes and signalled the end of the Council being a landlord and directly managing and maintaining social housing.
- 15 The national political and financial landscape has changed significantly since this time. The need for more affordable homes is widely acknowledged across the political spectrum. The removal of the debt cap within the Housing Revenue Account (HRA) in 2017 was a barrier to councils becoming directly involved in the delivery of affordable homes. This change has been universally welcomed in a move to diversify the delivery and increase the supply of affordable homes with a new major role for local authorities in direct delivery of new housing.
- 16 Locally, the Strategic Housing Market Assessment identified the need for 836 additional affordable homes per annum over the 19-year period 2016 to 2035. Over a five-year period from 2014 to 2019, a total of 1,956 affordable homes were delivered against a target of 4,180 representing around 46.8% of the homes required to meet the need.
- 17 The Council new build programme will help bridge that gap. The programme will complement and provide additionality to the current new build programme of Registered Providers (RPs). The Council will continue to work on bridging the remaining gap.

Progress Update

- 18 Since the approval of the programme, a considerable amount of work has been undertaken to prepare the Council for the delivery of 500 new affordable homes, the reopening of the Housing Revenue Account and the provision of housing management and maintenance services in line with the legislative and regulatory requirements.

- 19 Cabinet has previously agreed to Council owned land being made available to support the programme and 24 sites have been put forward from Corporate Property and Land (CPAL) service for potential consideration. These sites, for the majority, form part of the Authority's disposal programme alongside several sites identified within the Strategic Housing Land Availability Assessment (SHLAA). The land is being provided at no cost to support the programme and represents around £3.14 million in foregone receipts.
- 20 A high-level review on each of the sites has been undertaken which includes reviewing housing need and demand in the area together with understanding any existing proposals to meet the need in an area.
- 21 Significant work is being undertaken to confirm that any specific site can be developed after a full viability study is completed. The selection of sites for inclusion in all phases of the programme has been undertaken using the following criteria:
- need and demand for affordable homes and older person accommodation;
 - land availability and suitability;
 - demand not currently being met by Registered Providers (RPs) within the short to medium term;
 - access to funding streams (s106 Commuted Sums and/or Homes England [HE] Grant);
 - regeneration opportunities.
- 22 Where Registered Providers already have an ambitious build programme within a locality, we have identified this as part of the glossary of sites within Appendix 3 of this report. This has influenced our decision on which sites to take forward.
- 23 A number of the sites would allow the development of a higher number of homes than we as an Authority would wish to build in one location. In these instances, we may wish to look for a development partner, or a private developer to take the rest of the site forward. This will be dealt with on a site-by-site basis and will be covered in the site development brief. This may help to improve the financial viability of the Council scheme. It would also offer the opportunity to provide a mixed tenure scheme on a larger site.
- 24 In these circumstances, the detailed arrangements on how an individual site is commissioned between Council and private developer will be considered as part of the viability assessment.

- 25 The Design Team has been procured and comprises:
- (a) Architect - P+HS Architect;
 - (b) Structural Engineer - BGP Consultants;
 - (c) Mechanical and Electrical – RPS;
 - (d) Site Investigation – Solmek.
- 26 Initial designs and site layouts are now being prepared. The Homes will be built to the highest standards of energy efficiency and sustainability. We have engaged mechanical and electrical consultants to provide advice and design input into the heating installations within our homes as we are planning to use an alternative to gas heating from day one ahead of the Governments target of 2025. The most likely solution will be the installation of air source heating pumps coupled with improved thermal insulation.
- 27 Officers are considering the opportunities to bring forward proposals for the development of a pilot utilising Modern Methods of Construction (MMC) to incorporate this into the programme. MMC developments are receiving favourable consideration within the Affordable Homes Programme overseen by Homes England. MMC involves the production of modular homes, pods, or components offsite which are then transported to the site and assembled. MMC construction can reduce construction time and deliver a high-quality product delivered in a controlled factory environment. The strategic rationale for Government supporting MMC is given in Appendix 2.
- 28 The Council has acquired 6 bungalows at Gilesgate from Chapter Homes as part of the programme delivery arrangements. These will be available to let early in 2022.
- 29 We have been in ongoing dialogue with MHCLG and Homes England regarding the Council's plans. Both organisations have been extremely supportive and are aware of the scale of the programme and that we will be bidding for Affordable Homes Grant to support the programme, without this the scheme could not go ahead.
- 30 The Council has been successful in obtaining £626,066 in capital funding through the Ministry of Housing, Communities and Local Government's MHCLG Brownfield Land Release Fund BLRF. The BLRF supports local authorities to bring forward brownfield sites for housing development which otherwise would not happen e.g. where there are abnormal remediation costs. The funding has been obtained in respect of two sites included within Phase 1 of the

Council House Building Programme at Chaytor Road, Bridgehill, and Greenwood Avenue, Burnhope.

- 31 Preparations are ongoing for the reopening of the Council's Housing Revenue Account which is a legal requirement once the Council has 200 homes within its ownership. The Housing Revenue Account is a ring-fenced account and cannot be subsidised by the Council after it is established and similarly the HRA cannot subsidise the cost of the Council's General Fund. The HRA will however pay a fair and reasonable fee towards the corporate services that support the service including Legal, Finance and HR services. The delivery of maintenance service to the new homes will also provide income to the Council's DLO and support employment in the team subject to value for money considerations. The Council must prepare a 30-year business plan to show that the HRA is viable over this time frame and the homes can be maintained to a high standard. The original modelling for the HRA presented to Cabinet demonstrated the viability of the account after the initial £12.5 million pump priming required from the Council including the land contribution and the estimated level of Homes England grant.
- 32 As part of this work, a review of the Council's residential assets has been undertaken and where a required, a specific direction has been obtained from the Secretary of State for the Ministry Housing, Communities and Local Government to hold the properties outside of a Housing Revenue Account.
- 33 A suite of draft housing policies and procedures has been developed along with a tenancy agreement to ensure the Council complies with the legislative and regulatory requirements connected with being a Local Authority Registered Provider.
- 34 Detailed work has been undertaken on reviewing the Council's options for the delivery of housing management and maintenance services including a soft market test. A soft market test has also been undertaken on the provision of an ICT system to support the Council's housing delivery requirements.
- 35 Appropriate housing management arrangements will be in place in time for the completion of the first homes.

Phase 2 of the Development Programme

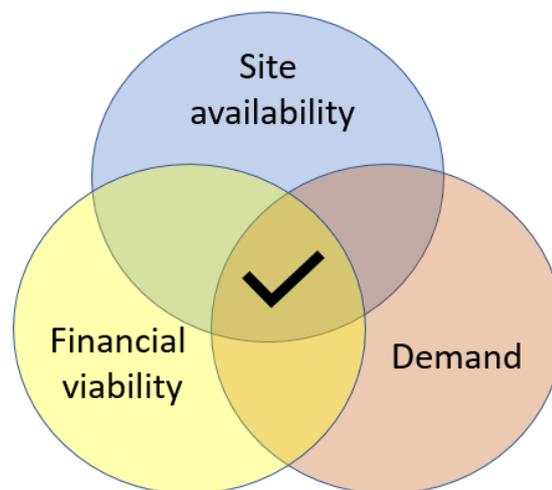
- 36 Detailed preparations are underway for the commencement of Phase 1 of the Council Housing Programme with work due to commence on site in July 2022.

- 37 After giving due consideration to the criteria set out in para 21 of this report, the following development sites have been brought forward for inclusion within Phase 2 of the Council House Build programme.
- 38 A further report will be brought back to Cabinet within 3 months regarding the approach to delivery in the rural west of the County as detailed later within this report. It is anticipated that, as the rural affordable homes strategy is delivered, several of the identified sites will become released as they are either not viable or have been replaced with housing provision on new sites in the rural west and as such the list of sites given is indicative.

Site	Total Properties	DCC Properties
Claude Terrace, Murton	10	10
Fishburn Hall Farm	30	30
Murphy Crescent, Bishop Auckland	20	20
Thornlaw South, Thornley	35	35
Sacriston, Mafeking Tce	7	7
Wheatley Hill School p/f	70	25
Spennymoor	12	12
Langley Park	30	30
Hamsterley Walk, Annfield Plain	10	10
Barrington Street, Dene Bank	10	10
Harthope Gr, Bishop Auckland	50	20
Delves Lane, Consett	20	20
Derwent Cres, Leadgate	40	40
Grey Terrace, Ferryhill	30	30

Blackthorn Close, Brandon	30	15
Moorside School	50	20
Deneside Depot, Seaham	30	15
Total	484	c.369

- 39 Each of the sites has its own challenges and opportunities to deliver specialist older person accommodation within areas of high need and demand. More details for each of the sites including site plans can be found in the appendices.
- 40 Each site will be assessed through a detailed process to determine individual site / scheme viability. It is possible that one or more of the sites identified in the proposed Phases 2 are not deemed viable. In such circumstances the Director of Regeneration, Economy and Growth will agree a substitute site from the list of sites previously supplied by CPaL.



- 41 The graphic above summarises the key issues that are considered fully in determining the viability of each individual site.
- 42 A viability assessment covers:
- **Land:** This will assess whether the land can be built on and will cover any legal issues, site conditions, ownership, access, and initial planning assumptions;
 - **Demand:** An assessment of the level of demand for each site will be undertaken to ensure that there is sufficient local demand for the properties that are being built. This will include a detailed

analysis of known need and waiting lists and consider if the identified needs are being met by other providers.

- **Finance:** There are significant complexities in ensuring that any new housing scheme is capable of being built without an annual revenue deficit. The financial viability process will assess the cost of development and ongoing and long-term revenue costs of being a landlord and will compare that to the revenue income from affordable rents and the capital grants that will be required from Homes England (or S106 Commuted sums) and Durham County Council;

The key variable elements to this calculation relate to the cost of development (including land remediation costs, site design, house numbers and mix, house specifications and construction methods). In the event of initial viability assessments being negative, work will be undertaken to revise the variables to provide a positive viability assessment.

- 43 Whilst this is a detailed and complex process but is essential to evaluate the economic viability of each development. A Gateway process is required at this stage before moving each scheme through the planning process and then construction.
- 44 To ensure timely decisions on scheme viability it is proposed that delegated authority be given to the Corporate Director of Regeneration and Economic Growth and Corporate Director of Resources, in consultation with the Portfolio Holders of Investments, Resources and Assets and Finance to consider detailed reports on scheme viability and sign off schemes for full development.

Rural Affordable Housing

- 45 County Durham is an extensive county extending over 862 square miles and home to around 530,00 people. 43% of the population, around 231,000 people, are based in rural areas. Providing balanced opportunities will enable people to live and work in their own rural town or villages and the support of local services is a crucial factor to securing sustainable rural communities.
- 46 Rural settlements across the county are diverse, differing in their scale and their ability to sustain growth. Larger settlements generally offer more service provision as they incorporate more houses, jobs, existing infrastructure, better public transport provision and community facilities. These settlements can provide a critical service centre role for a wider surrounding area and could accommodate and sustain proportionally

higher levels of growth, allowing them to build on their key service centre role, typical to the function of a traditional market town

- 47 There are key challenges and opportunities in rural communities for the Housing Plan to consider. These include:
- (a) Ageing Population - The population is ageing and there is a desire to enable people to live in their own homes for longer. There are considerations over whether it is possible to adequately adapt homes in rural areas and whether older persons can stay within their communities if living in their home is no longer possible;
 - (b) Accessibility - Residents, particular the elderly, living in rural areas are particularly dependent on the car, with rural transport deprivation linked to difficulties in accessing key services. Accessibility and connectivity are also major issues for younger people accessing employment;
 - (c) Affordable Housing - In certain parts of the county in-migration has raised house prices, pushing younger people away from rural areas and accentuated the population imbalance. Rural areas are attractive as primary homes for commuters and retirees, or for second homes, but we need to ensure that local people are not excluded from the housing market;
 - (d) Accessible Housing - People with disabilities need homes that are accessible to get to, get into and move around and live in. The type of housing mix in rural areas means that people with disabilities may not live in a house that can be adapted, this includes for example, widening doorways, extending buildings, adapting layouts, and gaining disabled access up to the house including parking.
- 48 There is a clear need to develop a subtly different approach to address the lack of affordable homes within the rural west of the county and this represents a significant challenge for the Council. The Council does not have any available sites within the west of the county, so an alternative strategy is required to directly deliver affordable housing in these localities.
- 49 It is recognised that even a small number of affordable homes delivered in a rural community can make a massive difference within a community where house prices have been driven up beyond the reach of local people. It is recommended that the Cabinet set an initial target for the delivery of an additional 75 affordable homes within the rural west of the County through the Council Homes Programme. This is in line with the approach taken by Homes England in tackling the affordable rural

housing issue by directing 15% of their programme with its strategic partners toward the rural communities. The focus would be on the delivery of bungalow and wheelchair standard accommodation with some family provision.

- 50 Whilst any Council homes built within the rural communities will be subject to the Right to Buy, there are further restrictions that the Council can apply to preserve their future use for local people. Under section 157 of the Housing Act in areas covered by National Parks, Area of Outstanding Natural Beauty (Fig 1) and Designated Rural Areas (Fig 2) the Council can apply a covenant in the sale restricting onwards sales to people who have lived or worked in the area for a period of 3 years or requiring that the Council has the first right of refusal to repurchase the property within first 10 years following the RTB sale.

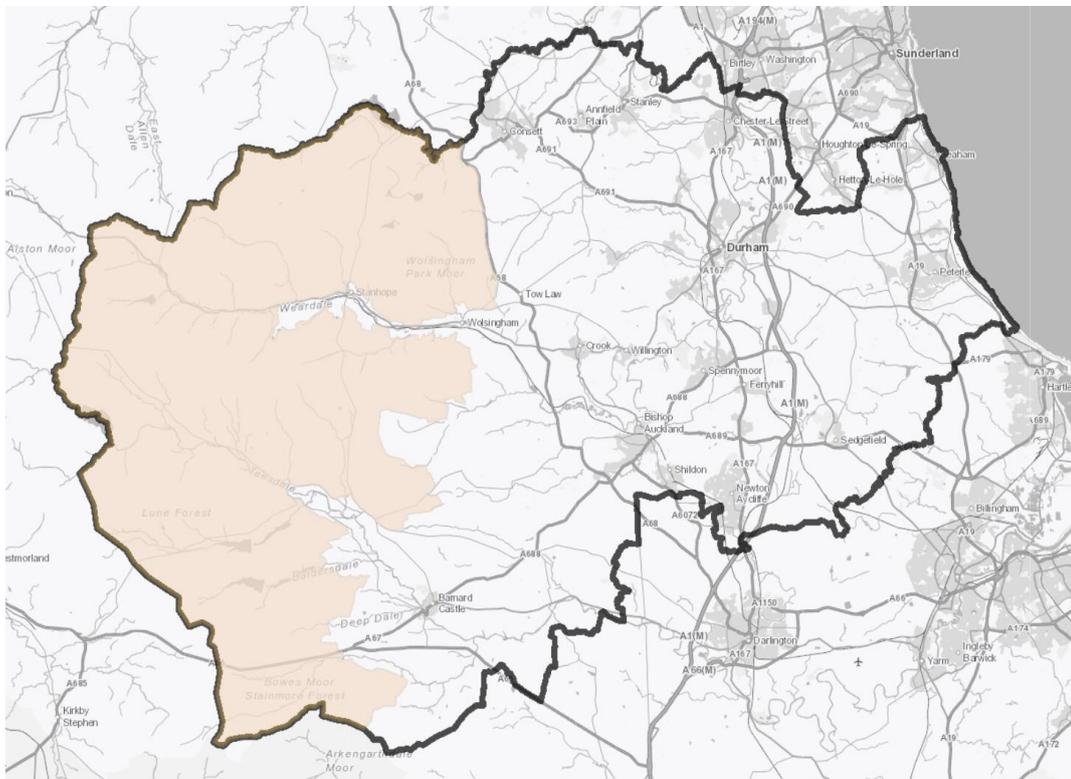


Fig 1: Area of Outstanding Natural Beauty (shaded salmon)

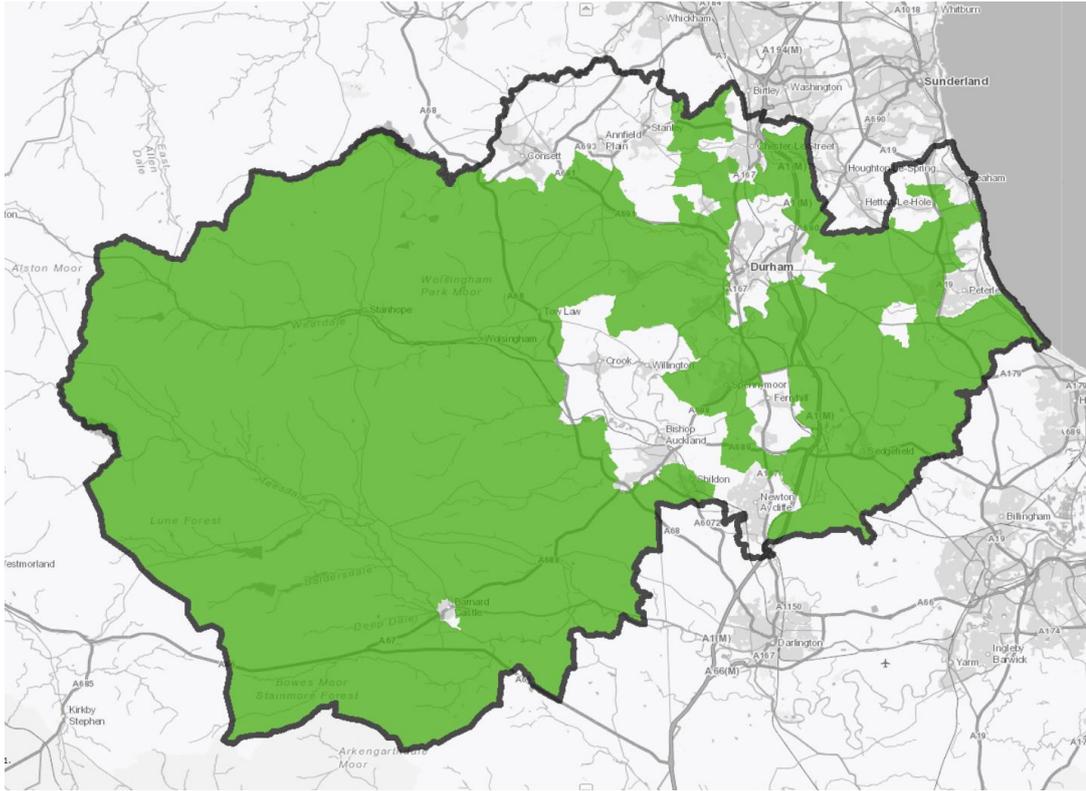
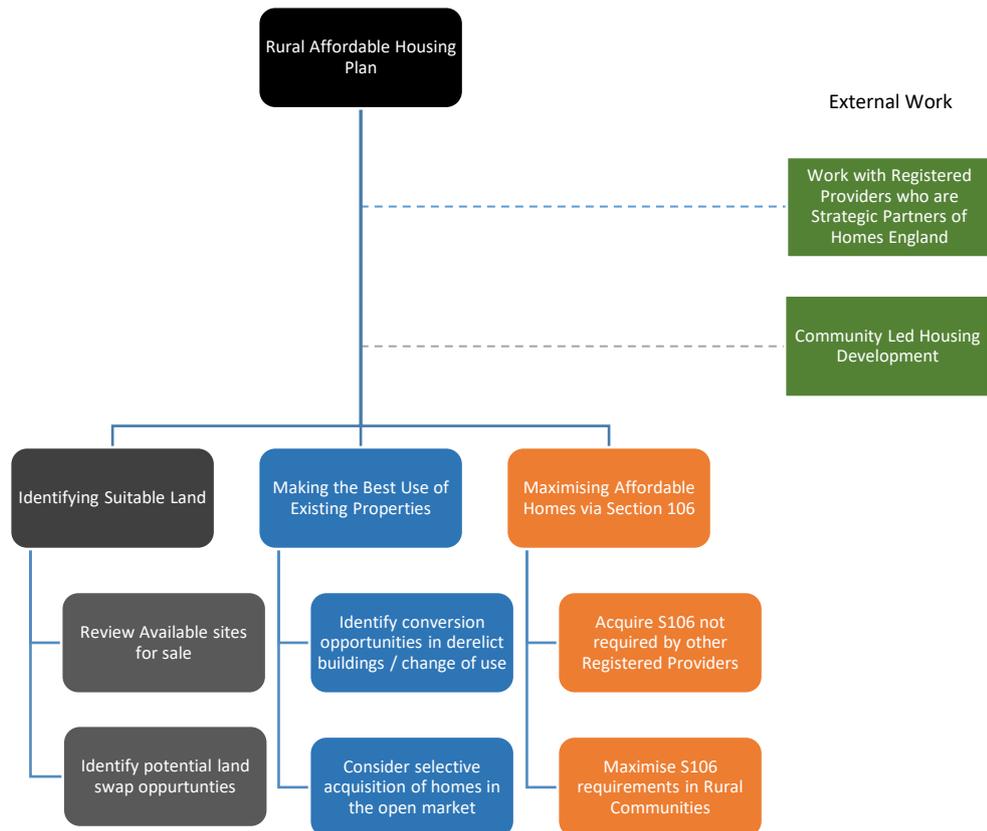


Fig 2: Designated Rural Areas (shaded green)

- 51 The cost of local sites on the open market in the rural west are high, making the acquisition and development of sites potentially unviable in the context of affordable homes delivery. The land and build costs together, without significant subsidy, could not be supported by the ongoing affordable rents. Initial discussions with Homes England suggest that we may be able to secure more Affordable Homes Grant than originally envisaged and modelled within our financial projections, potentially up to an additional £10,000 per unit. Providing the Council maintains its committed financial support of £12.5 million to the programme, it may be possible to direct some additional subsidy per unit towards the higher cost of delivering affordable homes in the rural communities. Whilst some further detailed work is required, this could potentially be achieved without any detrimental impact upon delivery targets. Beneficially, some of the land allocated to the programme in the east of the County could be released.
- 52 The Strategy to deliver council housing in the rural communities consists of three main themes as outlined in the following graphic:



53 Whilst further detailed work is required to determine the most appropriate and cost-effective way of delivering affordable homes in Rural Communities, the following strategy will be adopted:

- **Identifying suitable land:** Despite the abundance of land in rural communities, the number of development sites are limited, and acquisition costs will potentially rule out affordable homes delivery without substantial subsidy:
 - **Buy Sites** – A detailed review of the currently available land, and a headline viability assessment undertaken to determine the required level of subsidy to deliver an affordable homes scheme. This will enable Cabinet to consider whether the additional subsidy required can be targeted effectively where the costs are higher whilst maintaining the level of council support at its existing level. Discussions will also be held with Homes England to discuss any additional funding opportunities in the light of the rural challenges:
 - **Land Swaps** – Undertake a review of available undeveloped sites within the Rural Communities where there is an outline planning consent, or the site has been identified for housing development purposes within the Strategic Housing Land Availability Assessment. Negotiate

with landowners regarding the possibility of a land swap arrangement:

- **Making best use of available properties:** acquisition and / or conversion of existing buildings potentially subject to Homes England support:
 - **Acquiring Stock** e.g. acquiring former Right to Buy or other properties on the open market subject to a condition and value for money assessment;
 - **Conversion of Existing Buildings** – considering the opportunities afforded by the conversion of disused or derelict buildings which could help improve areas and provide much needed affordable homes;
- **Maximising S106 Units on Rural Development Sites:**
 - **S106 Requirements** – Consider the introduction of differential affordable homes requirements on Rural Sites to recognise the challenges that exist in rural communities. Subject to a viability assessment there is a requirement for new development of over 5 units in rural communities to provide between 10% and 25% of the new units as affordable homes;
 - **Purchase S106 units** –These are made available to Registered Providers at a discounted price by the developer. Owning a small number of units in a remote community may not be a priority for many Registered Providers. This potentially provides an opportunity for the Council to step in and purchase the units upon completion rather than the homes standing empty;
- **External Work:** Outside of the directly delivered Rural Housing Plan, the Council will continue to maximise development opportunities in the rural communities:
 - **Community Led Housing:** Community led housing is where people in the community find solutions to housing needs. The Government has allocated £163 million to the national Community Housing Fund to help local communities build new homes. In most cases, community led housing projects are run by local community groups or community land trusts with knowledge of the local area and its housing needs. The community group can also take a role in the ownership and management of the new homes;
 - **Working with Registered Providers:** Locally Karbon, Riverside and Thirteen have been granted Strategic Partner Status with Homes England because of the size of

their proposed development programme. Homes England requires Strategic Partners to build 25% of their development programme utilising MMC and 15% within rural communities.

Next Steps

- 54 Subject to approval of the Phase 2 sites, detailed work, as set out in the report, will continue, including preparation of scheme specific development briefs, proposals, and viability assessments for approval. As this work develops, a detailed development programme identifying key milestones for each site will be produced and reported to Cabinet.
- 55 Agree in principle to the Rural Affordable Housing Plan outlined and an initial target for the delivery of additional 75 affordable homes within rural communities from within the council homes programme.
- 56 A further report on the detailed implications arising from the strategy be reported back to Cabinet within 3 months.

Equalities Implications

- 57 An Equality Impact Assessment will be produced as part of any feasibility work in association with the project.

Background papers

- Cabinet Report 18 March 2020
- Cabinet Report 14 October 2020
- Cabinet Report 14 March 2021

Other useful documents

- None.

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Appendix 1: Implications

Legal Implications

The Council remains a Registered Provider of Social Housing and has all the necessary powers to fulfil the recommendations. The Council will be required to re-establish its Housing Revenue Account at the point it has an interest in 200 properties. Tenancies granted by the Council will be secure and tenants will, in almost all cases, benefit from the Right to Buy.

Finance

The General Fund will be required to subsidise the Housing Revenue Account with a £12.5 million subsidy to enable the development of 500 new houses. This sum will be included in the council capital programme in coming years.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

As part of the Council Homes programme, we are working towards zero carbon and looking at innovative methods of heating. This will be considered as part of the design process.

Human Rights

None.

Crime and Disorder

None.

Staffing

Staffing of the delivery vehicles and associated on going work.

Accommodation

None.

Risk

None.

Procurement

Specialist consultants will need to be appointed in order to carry out the required feasibility work.

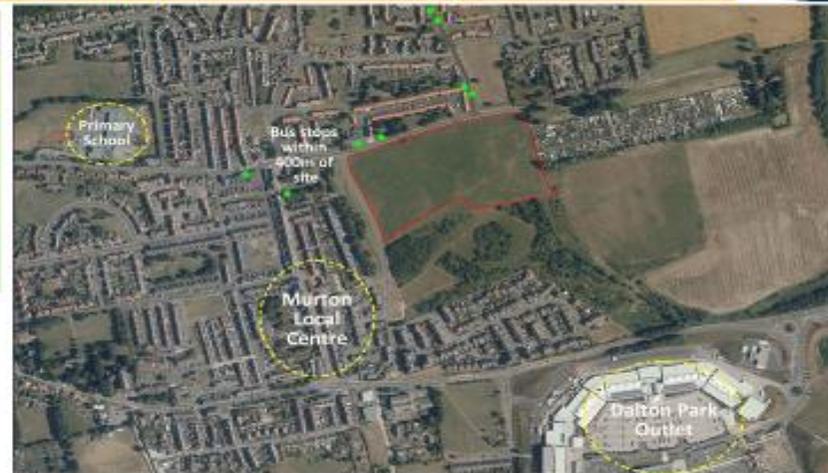
Strategic Government Rationale - Modern Methods of Construction

- 1 Modern Methods of Construction are a combination of offsite manufacturing and onsite techniques that provide alternatives to traditional house building, allowing homes to be built quickly, be more energy efficient and better designed. It can deliver high-quality housing at pace and it has been shown that some homes built using modern methods have 80% fewer defects and can reduce heating bills by to 70%.
- 2 In the UK we aren't building enough homes, we aren't building them quick enough and there are significant issues around poor-quality workmanship. The Government has set an annual target to deliver 300,000 new homes a year by the mid 2020's and nothing like this number has been achieved in any year since the hay days of significant council house building programmes back in the mid 1970's.
- 3 The construction industry employs over 2.93 million people, which is around 10% of the UK labour force. There is a looming skills shortage crisis, 22% of the workforce are over 50, and 15% are in their 60s and set to retire. The industry characterised by cold, dirty building sites is not attracting the numbers of young people into it as the career of choice. Only around 10% of those working in construction are aged between 19 and 24 and just 1-2% aged between 16 and 18. So just as the accelerator on the house building pedal is nailed to the floor the fuel in the tank is about to run dry.
- 4 The Ministry of Housing Communities and Local Government through the Homes England are encouraging housing providers to embrace Modern Methods of Construction in their Development Programmes. Strategic Partners must ensure at least 25% of their homes are built using MMC techniques and for other providers such as Durham CC where MMC techniques are used, more attractive grant rates are available.
- 5 This push towards delivering new housing by utilising MMC is seen to provide at least part of the solution to the housing and skills shortages with the purported benefits including:
 - i. Speed of delivery— homes delivered using MMC are manufactured offsite with less disruption than onsite construction.
 - ii. Reduced carbon footprint – homes built using MMC have the potential to contribute significantly to the reduction of carbon emissions, through greater precision in the manufacturing process leading to more energy-efficient homes and reduced construction waste.

- iii. Skills – production lines enable companies to take apprentices and train them on specific tasks without the need for a “building trade” and the controlled environment in a factory could well be more appealing to new entrants.
- 6 The push towards MMC is set to continue with the Department for Transport, the Department of Health, the Department for Education, the Ministry of Justice, and the Ministry of Defence already adopting a presumption in favour of offsite construction across suitable capital programmes, where it represents best value for money.

Appendix 2: Phase 2 sites

Land at Claude Terrace, Murton



Site Overview

The site is located in Murton which lies to the west of Seaham, in the east of the County on the A19. It consists of 4.21ha of land which lies south of Claude Terrace. The site is located within a built up established residential area, consisting of a mix of housing including bungalows, terraced properties and a modern housing estate. Neighbouring land uses are a mix of residential open space and allotments. Bungalows lie directly north of the site, a mix of residential terraced properties and local services lie to the east of the site and a new housing estate lies directly to the south of the site. Open space and east south allotments cover the western perimeter.

The site is accessible via Claude Terrace to the north and Colliery Walk along the western perimeter. It is in close proximity to the town centre to the west of the site, which contains a good array of facilities and services including a supermarket, library, community centre, dentist, primary school and range of local shops and takeaways. The local centre lies approximately 400 metres to the east of the site, which is generally accepted as walking distance. The site is close to Dalton Park Outlet shopping centre is also close by, approximately 1.8km.

Planning Policy Context

The site previously had planning permission for residential and live/work units, which has expired. The development of the site would round off the settlement edge, when considered together with a new housing development which has recently been completed to the south of the site. The site is surrounded by designated green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA630).

Any future development of the site would need to take into account a general shortage of play space and quality green space across the densely developed area to the north of Church Road. This is one of a number of sites in Murton which need to be considered comprehensively in relation to the open space needs of this area.

The site is within the 6km buffer zone of a 'Special Area of Conservation', a designated protected area in the UK, and/or a 'Special Protection Area', land designated under the EU directive (2009) on the conservation of wild birds to safeguard the habitats of migratory and particular protected birds. The Council is required in its application of the Habitats Regulations, and as the Competent Authority, to determine if an Appropriate Assessment is needed at the point when a planning application is submitted.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP). However, it is part of a wider site that has been assessed in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018) as being suitable for housing development. It has been assessed as 'green' suitable (SMU09) in the SHLAA. The SHLAA states that the site has previously had planning permission. The SHLAA notes that whilst there are no unresolvable constraints to development, rendering the site unsuitable,

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

Land at Claude Terrace, Murton



The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site is not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. This development will provide 20 affordable homes. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for. There is land identified to the south of the site as potential alternative green space mitigation (See map right)

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements. It will be necessary to demonstrate that the development of the site for council housing will outweigh the harm resulting from the loss of an area of green amenity space.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. There is a bus stop is within 400m of the site which will promote sustainable travel options.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The land on this site is in a coalfield low risk area with high risk areas to the southern border of the site. Whilst this may be an obstacle it will not necessarily prevent development provided the appropriate assessments and mitigations are undertaken.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located on a flood plain.

Landscape and Ecology

Policy 42 protects the integrity of internationally designated sites. The Durham Heritage Coast and wider Coastal Zone contains habitats and species protected in the EU Habitats Directive, a European designation aimed at protecting rare and endangered birds and habitats. Policy 42 sets a buffer zone within 6km of the Heritage Coast. Any development within this buffer zone must assess and mitigate any adverse impacts on the habitats and species.

The site is adjacent to a local wildlife site on the southeast perimeter, which overlaps on the south east corner of the site. The site is located within the 6km buffer zone. In line with Policy 42, any development proposal within this buffer must assess and mitigate against any negative impacts of development on the protected sites along the coast. The Council is required in its application of the Habitats Regulations, and as the Competent Authority, to determine if an Appropriate Assessment is needed at the point when a planning application is submitted. Planning permission cannot be granted where development requiring appropriate assessment under the Birds and Habitats Directives is being considered, planned or determined.



Land at Murphy Crescent, Bishop Auckland



Site Overview

The site is located off Murphy Crescent, north of Tindale, Bishop Auckland, in the south of the county. It consists of 0.81ha of land north of Cheesemond Avenue. The site is previously developed land that is surrounded by existing residential areas. Neighbouring land use is a mix of education, allotments and residential properties. A secondary school is directly west of the site and a primary school lies along the eastern perimeter of the site. There are allotments along the northern perimeter of the site whilst the southern perimeter of the site is a mix of post war semidetached houses and open amenity green space.

Planning Policy Context

The site is wholly contained within the settlement. The access (Murphy Crescent) which served the former nursery is not suitable to serve residential development due to its insufficient road width. The site is a cleared previously developed site (a former school) within an existing housing area. Development would provide the opportunity to enhance the townscape. There are some mature trees on site which could be retained.

The site is next to a primary school and secondary school. There is a convenience store 500m away, which is beyond the generally accepted 400m walking distance, however there is a bus stop within 400m of the site. There is a leisure centre, community centre, hospital and service station approximately 600m north east of the site. Bishop Auckland Retail Shopping park is approximately 1.4 km south west of the site. Bishop Auckland Town centre is approximately 3km north east of the site.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP), however it is considered as a suitable site for further housing development. The site has been assessed green (3/BA/11) in the council's Strategic Housing Land Availability Assessment. The SHLAA states that the development of this site presents physical regeneration opportunities of a site wholly located within the settlement. The site is considered to be in a poor market value area but, as a council housing site, the site would not be subject to the usual market forces, for example regarding viability.

As part of the SHLAA, highways have advised that highway access is suitable via 3/BA/12 site only, along the southern perimeter of the site, i.e., existing highway (Kitchen Avenue). Moderate highway improvements are required as it is likely that some of the existing carriageway leading north east from Kitchen Avenue toward the site will have to be widened. Site 3/BA/12 is not DCC owned.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Murphy Crescent, Bishop Auckland



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Bishop Auckland, redevelopment of the site for council housing would be compatible with surrounding land uses. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. There are bus stops within 400m of the site.

If access is not achievable via Murphy Crescent land will have to be acquired to the south of the site, on Cheesmond Avenue, in order to gain suitable access to the site for development.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 States when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The site is in a Coal development low risk area. Whilst this may be an obstacle development should be possible provided the appropriate assessments and mitigations are undertaken.



Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site.

The site has some surface water flooding issues and an overland flow route. Further investigation required by proposer to determine mitigation measures (e.g. Site layout and/or incorporation of SuDS), or extent of land sterilised by flood risk.



Landscape and Ecology

There are no significant landscape or ecology constraints, however the site is lined with mature trees that could be retained as part of the development.

Land at Grey Terrace, Ferryhill



Site Overview

The site is located within a built-up residential area of Claverdon Avenue in the south east of the town of Ferryhill. The site consists of 0.84ha of previously developed land and is surrounded by residential properties. The neighbouring land use is residential with terraced properties along the northern and eastern perimeters. There is a mix of semi detached properties and bungalows on the western perimeter of the site and garages, and access to the site on the southern perimeter.

Planning Policy Context

The site is cleared land which is now designated as green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA2285).

There could be issues regarding access to the site. The site can be accessed via Linden Road on the south of the site, however this is not DCC owned, it could also obstruct access to the existing garages on the southern perimeter of the site, which are not part of the red line boundary of the site. The site could also be accessed at the north east of the site but this may cause issues regarding existing use of this site by residents. Discussion in conjunction with the local community regarding the use of this open space is required.

The local town centre of Ferryhill is beyond 400m of the site, however it does offer a good mix of goods, services and facilities, including a primary school, community centre, doctor's surgery, pharmacy, supermarket and a post office. There is also a convenience store on the corner of the site on Duncombe terrace to the south east of the site.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP) and has not been assessed as part of the Strategic Housing Land Availability Assessment (SHLAA). In policy terms, although the site may be acceptable as appropriate infill of a residential area, this site offers amenity green space in this built up residential area. There are also issues regarding acceptable access to the site without obstructing access to the existing garages on the southern perimeter of the site. A smaller development that retains open amenity space may be suitable.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Grey Terrace, Ferryhill



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Dean Bank, redevelopment of the site for council housing would be compatible with surrounding land uses although it would take away land being used as open amenity green space.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements.

It will be necessary to demonstrate that the development of the site for council housing will outweigh the harm resulting from the loss of an area of green amenity space.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. There are bus stops within 400m of the site. Assessment is needed regarding access to the site via Linden Road.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states When new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The land on this site is in a coalfield low risk area.



Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

There are no significant landscape or ecology constraints for the site.

Land at Delves Lane, Consett



Site Overview

The site is located in Delves Lane, to the east of Delves Lane Industrial Estate and South of Consett town centre, in the North West of the County. The Site consists of 1.05 ha of land which lies south of Iveston Road. The site is located within a residential area containing a mix of post-war semi detached bungalows and terraced properties.

The site is accessible via Iveston Road which runs along the western perimeter of the site. There is also access via Shafto Close, off Iveston Road, which cuts through the site. It is also in close proximity to a primary school and a local post office and village store which is approximately 500m south east of the site. There is also a convenience store approximately 250m north east of the site. Consett Local Town centre is approximately 1.7km north of the site.

Planning History

The site received planning permission for the erection of 35 dwellings for affordable housing consisting of 25 houses and 10 bungalows, one, two and three storeys in height and included retention of open space (May 2008) however there is a restrictive covenant on the site which prevented its development. The restrictive covenant would need to be resolved.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP). It has been assessed as amber (1/DO/38) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018) based on the restrictive covenant that is on the site.

The SHLAA states that the site is wholly contained within the settlement. Development of the site would result in some adverse landscape and visual impact. The site is designated as green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA1102).

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Delves Lane, Consett



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 65% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a residential part of Consett and has benefited from previous planning approval for affordable housing products, redevelopment of the site for council housing would be compatible with surrounding land uses. The site was previously developed for housing and it seems a logical housing site. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of a bus stop, which would promote sustainable travel options.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 When new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed.

The land on this site is mainly in a coalfield high risk area with some land to the south west of the site in low risk area. Whilst this may be an obstacle it will not necessarily prevent development provided the appropriate assessments and mitigations are undertaken.



Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located on a flood plain.

Heritage and Archaeology

Site is greater in size than 1ha so the presence and identification of archaeological features at the site will need to be investigated further through desk based research and subsequent investigation as necessary.

Landscape and Ecology

Development of the site would result in some adverse landscape and visual impact, due to loss of open space. An ecological survey should be undertaken to identify the presence/absence of protected species and mitigation measures implemented as appropriate.

Former School Playing Field, Wheatley Hill



Site Overview

The site is located in Wheatley Hill which is to the south east of Thornley, in the east of the county. The site consists of 2.03ha of land north of Quistyle Road. The site is on the former school playing field on the edge of the Wheatley Hill settlement that is surrounded by a mix of residential areas and agricultural land. Neighbouring land use is a mix of residential properties, allotments and agricultural land. There is semi-detached housing to the south of the site on the other side of Quistyle road. Allotments and outdoor sports space lie along the western perimeter of the site. Whilst there is agricultural land along the northern and eastern perimeters of the site.

Planning Policy Context

This site extends into open countryside to the north of Wheatley Hill with access to the site via Quistyle Road to the south of the site. Development of this site would unacceptably intrude into the strategic gap between Wheatley Hill and Thornley. It would also significantly detract from the attractive valley landscape.

The site is near the local centre which has a range of facilities including a post office, community centre, school, DIY store and other local shops. The local centre lies approximately 500m east of the site and, whilst this lies beyond the generally accepted 400m walking distance, there is a convenience store located approximately 200m east of the site.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP), however it has been included in the Strategic Housing Land Availability Assessment (SHLAA) as a portion of a larger site in the SHLAA which has been assessed amber (5/WH/21) due to the physical detachment of the site. This could be overcome by incorporating land to the east of the site in the development, to better integrate the site into the settlement boundary.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Former School Playing Field, Wheatley Hill



Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

The site is on the edge of the settlement of Wheatley Hill which is adjacent to other uses compatible with residential development including residential development to the south. The SHLAA has assessed the larger site as unacceptably intruding into the strategic gap between Wheatley Hill and Thornley, however this site is smaller than the site in the SHLAA and so redevelopment of the site for council housing could still be compatible with surrounding land uses and should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of a bus stop.

TA Required. 6.75 metres wide through link road required linking the B1279, opposite Cypress View, to Quillstyle Road in line with Quetflaw Road. Pedestrian/cycle link between no's 9 and 9A, Quillstyle Road. Potential 4.8 metres wide road link onto Quillstyle Road at Club site.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located within a flood plain and there is no evidence of surface water flooding.

Contaminated Land

Policy 32 states

When new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The land on this site is in a coalfield low risk area.



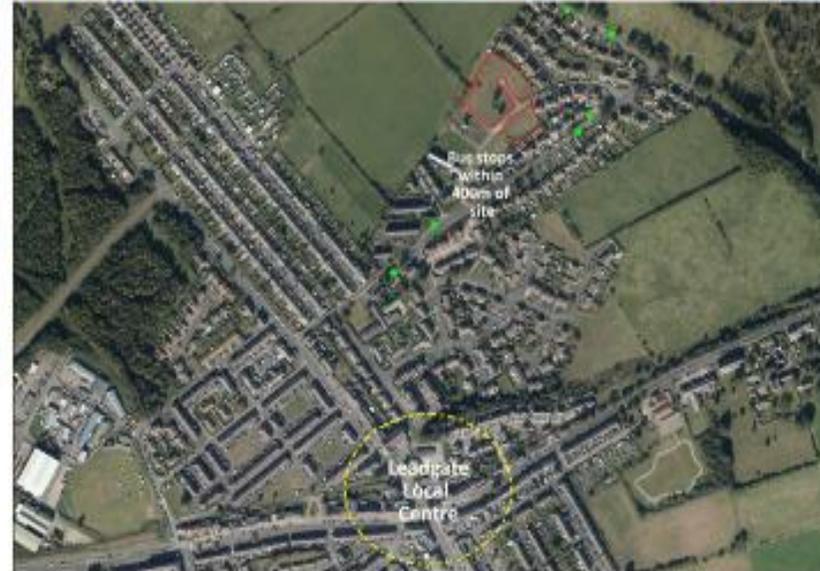
Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

This site extends into open countryside to the north of Wheatley Hill. Development of this site would unacceptably intrude into the strategic gap between Wheatley Hill and Thornley. It would also significantly detract from the attractive valley landscape which is part of the setting of these two settlements.

Land at Derwent Crescent, Leadgate



Site Overview

The Derwent Crescent site is located in Leadgate, Consett in the north of the county. It consists of 0.37ha over two plots of previously developed land which is separated by Derwent Crescent.

The site is located within a predominantly residential area with a mix of post-war semi-detached houses and terraced properties. Neighbouring land uses are a mix of residential and open space. A row of semi-detached houses lies directly south of the site on Tyne Avenue and along the eastern perimeter on Edon Avenue. Open space lies on the western perimeter there are fields to the northern perimeter of the site.

Planning Policy Context

The northern part of the site is a cleared housing site which is now defined as amenity open green space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA1295). The southern part of the site is previously developed land, which has now been cleared. The site can be accessed via Derwent Crescent off Tyne Avenue, there is also access via Mersey Street, and Teas Grove which are all substandard in width and layout to serve new housing Remedial improvements required as part of any development together with measures to address on-highway parking from existing dwellings.

The site is located close to facilities including a convenience store, supermarket, pharmacy, youth centre and a range of local shops approximately 500m south east of the site on Watling street and onto the Front Street.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP). The northern part of the site has been assessed as amber (1/CO/5a) in the Strategic Housing Land Availability Assessment (SHLAA). The SHLAA states that whilst the site represents a logical infill opportunity as a housing clearance site, subject to localised highway improvements being implemented, it is currently defined as amenity open space in the OSNA. The southern part of the site forms part of SHLAA site (1/CO/5b) which has been assessed as 'green'. The SHLAA states the site represents a logical infill opportunity as a housing clearance site within a settlement with offering a wide range of services and facilities. The only matter impacting upon its suitability relates to localised highway standards. However these could be mitigated.

The sites are in low value market areas, however a council housing site would not be subject to the same market forces when considering viability of a site.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live

Land at Derwent Crescent, Leadgate



independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site is not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Leadgate, redevelopment of the site for council housing would be compatible with surrounding land uses and should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements.

It will be necessary to demonstrate that the development of the site for council housing will outweigh the harm resulting from the loss of an area of green amenity space.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within close proximity to a number of bus stops, which promote use of sustainable transport. No objection to principle of housing however Trent Dale, Mersey Street, and

Tees Grove are all substandard in width and layout to serve new housing, irrespective of fact dwellings have been there historically. Cul de sac layout/widths appear to have been relic of original design many decades previously. Remedial improvements required as part of any development together with measures to address on-highway parking from existing dwellings.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states, when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed.

The land on this site is in a coalfield high risk area. Therefore appropriate assessments and mitigations are needed.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. There is a low to high risk of surface water flooding to the far east of the site and a low risk of surface water flooding along the north eastern perimeter of the site, the site is not located on a flood plain (see map right). This could be mitigated through careful design of the site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

Policy 43 states: All development proposals in, or which are likely to adversely impact upon Sites of Special Scientific Interest or National Nature Reserves will only be permitted Where the benefits of development in that location clearly outweigh the impacts on the interest features on the site and any wider impacts on the network of sites. The site is within 250m of Strother Hills (Ancient Woodland) so may increase levels of local recreational pressure.



Land at Barrington Terrace, Dean Bank



Site Overview

The site is located within the built-up residential area of Dean Bank in the town of Ferryhill in County Durham. The site is surrounded by mostly terraced properties and has an excellent relationship to the town centre.

Planning Policy Context

The site is accessed via Barrington Terrace, which runs along the southern perimeter of the site and Newcomen Street, which runs along the eastern perimeter. It is in close proximity to the town centre to the east of the site, which contains a good range of facilities and services including a library, a supermarket, a primary school, a community centre, GP surgery and 3 pharmacies. The local Town Centre lies approximately 400 metres to the east of the site, which is generally accepted as walking distance. There is also a convenience store located approximately 100m west of the site.

This site is a former factory site which was cleared and previously had planning permission for housing. This permission has now lapsed and the site is presently used temporarily as an area of open space (OSNA) (2018) (OSNA ID: OSNA313). Discussion in conjunction with the local community regarding the use of this open space is required.

Strategic Land Housing Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP). It has been assessed as amber (7/FH171) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). The SHLAA states that the site has locational benefits as a housing site and so the redevelopment would need to ensure that an element of open space is incorporated into a scheme.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Barrington Terrace, Dean Bank



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. A single estate access road opposite no. 10, Newcomen Street would be acceptable to access the site. However, a 10 metres junction radius improvement would be required opposite no's 15/16, Barrington Terrace. In addition, the narrow footpath connecting Beaumont Street to Newcomen Terrace would need widening to 1.8 metres. The public footpath adjacent to no. 12, Haig Terrace would need to be retained in the design and should form part of an extended pedestrian route onto B6287.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states

When new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The land on this site is in a coalfield high risk area. Whilst this may be an obstacle it will not necessarily prevent development provided the appropriate Assessments and mitigations are undertaken.



Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site.

Landscape and Ecology

There are no significant landscape or ecology issues

Land at Former Moorside School, Consett



Site Overview

The Site is located in Moorside, Consett, in the north of the county. It consists of 1.98 ha of land. The site is located on the edge of a settlement to the northern side of Dunelm Road and is surrounded by a mixture of woodland along the eastern perimeter with accessible open green space and a cemetery located to the west of the site. There are post-war semi detached houses to the south of the site.

Planning Policy Context

The site is the former Consett Academy school, which has relocated to a new site. The site would form an uncontained extension into the countryside. Whilst any development would be on the opposite side of the road which marks the edge of the settlement, the site can be accessed via Dunelm road on the southern perimeter of the site.

The site is approximately 500m from local facilities including a primary school and a convenience store to the south west of the site. This is further than the generally accepted walking distance of 400m but there are bus stops within 400m of the site. Hermiston Shopping centre is approximately 2.4km west of the site and Consett local town centre is approximately 3km west of the site.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP), however it is considered as a suitable site for further housing development. The site has been assessed green (1/CO/88a) in the council's Strategic Housing Land Availability Assessment (SHLAA). The SHLAA states the site is located on the edge of the settlement and while it projects into the countryside it is a previously developed site and as such it is considered acceptable.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Land at Former Moorside School, Consett



Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site is not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

The site is on the edge of a built up residential area, redevelopment of the site for council housing would be compatible with surrounding land uses. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. There are bus stops within 400m of the site, access is available but minor localised highway improvements likely to be required.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located on a flood plain. There is a low risk of surface water flooding on the north of the site and low to high risk of surface water flooding. On the south of the site (see map right), however this could be mitigated through careful design of the site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

Policy 39 states that development affecting AHLVs will only be permitted where it conserves, and where appropriate enhances, the special qualities of the landscape, unless the benefits of development in that location clearly outweigh the harm. The site lies just outside of the AHLV and is not included within this designation. However, a well-designed council housing scheme has the potential to outweigh any harm that development may have on the setting of the AHLV.

Policy 40 states that proposals for new development will not be permitted that would result in the loss of, or damage to, trees of high landscape, amenity or biodiversity value unless the benefits of the proposal clearly outweigh the harm. An area of ancient woodland lies to the west of the site, however there are no protected trees on the site itself. However the site is designated as an

Policy 43 states: All development proposals in, or which are likely to adversely impact upon Sites of Special Scientific Interest or National Nature Reserves will only be permitted where the benefits of development in that location clearly outweigh the impacts on the interest features on the site and any wider impacts on the network of sites. The site abuts Allensford Woods LNR reduce Western boundary by 15m



Land at Mafeking Terrace, Sacriston



Site Overview

The site is located within the built-up residential area north of Mafeking Terrace off the B6312 in Sacriston, in the North of the County. The site consists of 0.3ha of previously developed land with some of the site used as parking for residents. Neighbouring land use is residential with bungalows on the eastern perimeter and detached properties on the western perimeter. Tenanted properties lie along the northern and southern perimeters, with parking along the road behind Mafeking terrace on the southern perimeter.

Planning Policy Context

The site can be accessed off the B6312 Witton Road to the south east corner of the site and to the south west corners of the site. The roads to the site are narrow so highways improvements may be required.

The site is cleared land which is now designated as green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA1066). This space seems to be in frequent use by residents, including for parking. Discussion in conjunction with local communities regarding the use of this space is required.

The site is in close proximity to local goods services and facilities. The local centre is approximately 400m from the site and includes a bank, supermarket, general goods store, convenience store and local shops. There is also a convenience store and GP surgery approximately 250m from the site and a primary school across the road from the site on B6312 Witton Road.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP) and has not been assessed as part of the Strategic Housing Land Availability Assessment (SHLAA). In policy terms, although the site may be acceptable as appropriate infill of a residential area, this site offers amenity green space in this built up residential area.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Mafeking Terrace, Sacriston



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site is not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Sacriston, redevelopment of the site for council housing would be compatible with surrounding land uses although its development would result in the loss of land being used as open amenity green space.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements.

It will be necessary to demonstrate that the development of the site for council housing will outweigh the harm resulting from the loss of an area of open amenity space.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of a bus stop which promote use of sustainable transport. Assessments may be required regarding suitable access to the site on either side of Mafeking Terrace via the B6312 Witton Road.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states, when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed.

The land on this site is in a coalfield high risk area. Therefore appropriate assessments and mitigations are needed.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located on a flood plain. There is a low risk of surface water flooding on the north eastern and south western perimeter of the site (see below map), however this could be mitigated through careful design of the site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

There are no significant landscape or ecology constraints for the site.



Land at Ramsey Crescent, Bishop Auckland



Site Overview

The site is located on the edge of the built-up residential area of Ramsey Crescent, north of Tindale Crescent, in Bishop Auckland in the South of the county.

The site consists of 0.61ha of land in between Ramsey Crescent and Greenfield Road. It is surrounded by a mix of residential properties to the northern, eastern and south eastern perimeters of the site. Industrial land lies to the south western perimeter of the site on the opposite side of Greenfields Road.

Planning Policy Context

The site is cleared land that is designated as green amenity space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA2218). The site is accessible via Greenfields Road along the south western perimeter of the site. The site is on a bus route, with a bus stop on Ramsey Crescent on the north east perimeter of the site. The site represents an attractive buffer strip / amenity land between Greenfields Road and the houses. It is narrow in depth which would impact on what could physically be accommodated on the site.

The site is located approximately 300m from Bishop Auckland Retail Park which has a range of goods, services and facilities including supermarkets, pharmacy, pet store, clothing shops. There is a primary school approximately 500m north east of the site and a convenience store is 300m south east of the site.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP) and has not been assessed as part of the Strategic Housing Land Availability Assessment (SHLAA). In housing terms, although the site may be acceptable as appropriate infill on the edge of a residential area, this site offers amenity green space in this built up residential and industrial area.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Land at Ramsey Crescent, Bishop Auckland



Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site is not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

The site site would take up green amenity space.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements.

It will be necessary to demonstrate that the development of the site for council housing will outweigh the harm resulting from the loss of an area of green amenity space.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. There is a bus stop on the eastern perimeter of the site.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 States when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The site is in a Coal development high risk area. Whilst this may be an obstacle development may be possible provided the appropriate assessments and mitigations are undertaken.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site.

The eastern perimeter of the site is low risk for surface water flooding and the is medium risk for surface water flooding surrounding the western and southern Perimeters. However, these can be resolved with suitable mitigation measures which ensure the effective management of drainage from the site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site

Landscape and Ecology

There are no known significant landscape or ecology constraints for the site.



Land at Deneside Depot, Seaham



Site Overview

The site is located in Deneside, near Seaham town centre, in the east of the county. It consists of 0.85ha of mostly previously developed land, which lies north of Colling Avenue.

The site is next to an established residential area with good pedestrian access to the Town Centre. Neighbouring land is a mix of residential and allotments. The site has terraced properties to the eastern and southern perimeters and allotments to the western perimeter.

Planning Policy Context

The former depot site is adjacent to a public right of way and can be seen from the coast. The site can be accessed via Colling Avenue to the south of the site.

The site is located close to facilities and services including a post office, convenience store, leisure centre approximately 300m south and south east of the site along the Avenue. There is a primary school, GP surgery and pharmacy nearby. Seaham town centre is approximately 1.7km east of the site.

The site is within the 8km buffer zone of a 'Special Area of Conservation', a designated protected area in the UK, and/or a 'Special Protection Area', land designated under the EU directive (2009) on the conservation of wild birds to safeguard the habitats of migratory and particular protected birds. The Council is required in its application of the Habitats Regulations, and as the Competent Authority, to determine if an Appropriate Assessment is needed at the point when a planning application is submitted.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP). The site has been assessed as amber (5/SE/07) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). The SHLAA states: If developed it would have some impact on the urban landscape as it is situated adjacent to a strategic public right of way and can be seen from the coast. Parts of this site, which is situated next to an established residential area, are previously developed and unkempt. Development of the site could improve its appearance, provided development is sensitive to its location adjacent to a railway walkway and to views from the coast. Also that the above requirements related to the Habitats Regulations can be met. The existing road system can only support an additional 30 houses.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Deneside Depot, Seaham



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 65% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Deneside, redevelopment of the site for council housing would be compatible with surrounding land uses. However sensitive development will be required to mitigate impact on the landscape.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of a bus stop. Access can be achieved from the existing road onto the C112 The Avenue. Due to the existing 4.7 metres wide carriageway and 1.65 metres wide footways, numbers of dwellings should be restricted to approx. 30.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states, when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The land on this site is in a coalfield low risk area. This should not prevent development provided the appropriate assessments and mitigations are undertaken.



Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located on a flood plain. There is a low to medium risk of surface water flooding on the north west of the site and lower part of the site, and high to low risk of surface water flooding along the north western perimeter (see map right). However this could be mitigated through careful design of the site.



Heritage and Archaeology

There is currently no documented evidence available to rule out any archaeological potential of this site. Therefore a site specific archaeological evaluation will be required of the site promoter should the site be the subject of a future development.

Landscape and Ecology

Policy 42 protects the integrity of internationally designated sites. The Durham Heritage Coast and wider Coastal Zone contains habitats and species protected in the EU Habitats Directive, a European designation aimed at protecting rare and endangered birds and habitats. Policy 42 sets a buffer zone within 6km of the Heritage Coast. Any development within this buffer zone must assess and mitigate any adverse impacts on the habitats and species.

The site is located within the 6km buffer zone. In line with Policy 42, any development proposal within this buffer must assess and mitigate against any negative impacts of development on the protected sites along the coast. The Council is required in its application of the Habitats Regulations, and as the Competent Authority, to determine if an Appropriate Assessment is needed at the point when a planning application is submitted. Planning permission cannot be granted where development requiring appropriate assessment under the Birds or Habitats Directives is being considered, planned or determined.

The site is within 700 metres of Dawdon Dene County Wildlife Site. Further ecological assessment is required to ascertain if mitigation is necessary related to recreational impact/habitat disturbance.

This unkept former depot site, if developed, would have some impact on the urban landscape as it is situated adjacent to a strategic public right of way and can be seen from the coast. However, parts of the site are derelict and untidy. There is potential for a sensitively designed and landscaped scheme to enhance the urban form.

Land at Thornlaw South, Thornley



Site Overview

The site is located in Thornley, in the east of the county. The site consists of 1.5ha of land split north of South Parade/south of Hartlepool Street and south of South Parade. The site is broken up by some residential properties to the south of Hartlepool Street and South Parade.

The site is on the edge of Thornley settlement to the west of the B1279. The neighbouring land uses are a mix of residential, agricultural land and open space. There is open space along the northern perimeter of the site north of Hartlepool Street. Terraced properties and bungalows lie along the western perimeter and there is a detached residential building and land along the eastern perimeter, whilst there is a field along the southern perimeter of the site.

Planning Policy Context

The main portion of the site is largely defined as amenity open green space within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA3239) and the northern portion of the site serves as infill space. Discussions in conjunction with local communities will be required, particularly regarding the infill space where trees have now been planted.

The site is in close proximity to facilities including a pharmacy, post office, community centre and general store approximately 700m west of the site and a primary school approximately 700m north of the site. Whilst these facilities are beyond the generally accepted 400m walking distance, there is a convenience store located approximately 100m west of the site.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP) and has not been assessed as part of the Strategic Housing Land Availability Assessment (SHLAA). In policy terms this site may be acceptable within the border of the settlement.

Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-36). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this

Land at Thornlaw South, Thornley



context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site is not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located on the edge or a largely residential part of Thornley, redevelopment of the site for council housing would be compatible with surrounding land uses although it would take away land being used as open amenity green space.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements.

It will be necessary to demonstrate that the development of the site for council housing will outweigh the harm resulting from the loss of an area of green amenity space.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within 400m of a bus stop which will promote the use of sustainable transport.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. The site is not located within a flood plain and there is no evidence of surface water flooding.

Contaminated Land

Policy 32 states
When new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. The land in the north of this site is in a coalfield low risk area.



Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

There may be some issues regarding impact on the landscape as this site is on the edge of the settlement although it is contained on two sides.

Land at Fishburn Hall Farm, Fishburn



Site Overview

The site is located in Fishburn, which lies to the north of Sedgfield, in the south east of the County. It consists of 3.03ha of greenfield land which lies east of Fishburn Primary school.

The site is located on the edge of a settlement. Neighbouring land uses are a mix of residential and education and community use. There are fields and open space to the north and west of the site and Fishburn Primary school on the western perimeter of the site. There is a housing estate, community centre, open accessible green space and park and recreation ground along the southern perimeter of the site.

Planning Policy Context

The site is contained on two sides and development would integrate reasonably well with the settlement.

The site could be accessed from the C26 Butterwick Road, to the south of the site, via a 9 metres or so centre line to centre line staggered junction arrangement with Dalidena opposite, which would rely on the demolition of the existing Community and Youth Centres.

The site is located close to facilities and services including a co-op convenience store, community centre and primary school within 300m of the site. The local centre offers a range of services and local shops including post office, pharmacy, general store and local takeaways, which is located approximately 600m of the site.

Strategic Housing Land Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDF), however it is considered as a suitable site for further housing development. The site has been assessed green (7/FB/063) in the council's Strategic Housing Land Availability Assessment (SHLAA). The SHLAA states it is an edge of settlement site which is reasonably well contained and with good access to facilities within Fishburn. Any landscape impact can be mitigated and highway access is achievable.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

Land at Fishburn Hall Farm, Fishburn



The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site is not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 10% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

The site is on the edge of a residential settlement with two sides of the site contained so development of the site for council housing would be compatible with surrounding land uses and would integrate reasonably well. It should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. There are bus stops within 400m of the site.

Vehicular access could be via the gap between nos 12 and 14 Greenside Close, but appears to involve the acquisition of third party land, which could invoke Stokes v Cambridge principles. An alternative option could involve taking highway access from the C26 Butterwick Road via a 9 metres or so centre line to centre line staggered junction arrangement with Oakdene opposite, which would rely on the demolition of the existing Community and Youth Centres.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 Policy 32 states, when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed.

The land on this site is in a coalfield low risk area. Whilst this may be an obstacle it will not necessarily prevent development provided the appropriate assessments and mitigations are undertaken.



Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. A flood overland flow route is the east of the site. There is also a low risk of surface water flooding in the middle of the site (see maps below).



Land at Hamsterley Gardens, Annfield Plain



Site Overview

The Hamsterley Gardens site is located in Annfield Plain, near Stanley, in the north of the county. It consists of 0.65ha of developable land.

The site is located within a predominantly residential area with a mix of post-war semi-detached and terraced houses and pre-war terraced properties. Neighbouring land uses are a mix of residential, and open space. Bungalows lie directly south of the site with a cul-de-sac of bungalows and garages entering into the south of the site, called Hartside Cottages. An estate of semi-detached and terraced properties lie over the road on the western perimeter of the site along Hamsterley Gardens. Metal storage units are currently on the western boundary of the site. There is a mix of open space and rows of terraced houses across the northern and eastern perimeters of the site along New Front street and Queens Parade.

Planning History

The site is defined as amenity open green space within the council's Open Space Needs Assessment (OSNA) (2018) (ref OSNA ID:OSNA2314). The site is contained within an existing settlement. The site can be accessed via Hamsterley Gardens, any development must be served by a new access road from Hamsterley Gardens.

The site is located approximately 500m north of the local centre, which contains facilities including a post office, convenience store, pharmacy, community centre, infant and junior schools, and a range of local shops. A large supermarket is approximately 800m south of the site.

Strategic Land Housing Availability Assessment

The site is not allocated for housing within the County Durham Plan (CDP). It has been assessed as amber (1/AP/09) in the council's Strategic Housing Land Availability Assessment (SHLAA) (2018). The SHLAA states that the site comprises amenity grassland wholly contained within the settlement. Whilst there may be scope for the rationalisation of some of this land, the majority would need to be retained. Developing part of the site, with frontage properties on to Hamsterley Gardens with retained access to the remaining open space, could be justified but only on the basis that community consultation garners support for such a proposal.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live

Land at Hamsterley Gardens, Annfield Plain



independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 65% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Annfield Plain, redevelopment of the site for council housing could be compatible with surrounding land uses and should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Any proposal would be assessed under Policy 26 (Green Infrastructure) of the CDP. The Policy states that development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure, unless the benefits of the development clearly outweigh that loss or harm and assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements. In order to establish the principle of development on such sites, it would be necessary to test how valued the site is to residents of the local community. If local residents and Cllr(s) are saying that this pocket of open space is an asset which they value, then we shouldn't be allowing its loss (in part or in full) unless the benefits of the development clearly outweigh that loss. Conversely, they may also respond to the consultation exercise to say that they are in favour of new development and see affordable housing or older persons housing as a particular benefit and they want to see development take place on part of the site. The pandemic has emphasised the need for good access to local green spaces for health and well-being purposes, so development on those areas requires justification.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within close proximity to a number of bus stops. Any development must be served by a new access road from Hamsterley Gardens.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states, when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. Site deemed to be not contaminated and suitable for use, however if there is COU then remediation may be required.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. Surface water flooding and overland flow routes have been recorded on the site so further investigation would be required by the proposer to determine the need for mitigation measures. This could be mitigated through careful design of the site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

Policy 43 states: All development proposals in, or which are likely to adversely impact upon Sites of Special Scientific Interest or National Nature Reserves will only be permitted Where the benefits of development in that location clearly outweigh the impacts on the interest features on the site and any wider impacts on the network of sites. Development of the site would have a neutral impact in landscape terms.

Land North and South of Hilltop View Road, Langley Park



Site Overview

The site is located on the edge of the Langley Park settlement, in the Derwentside district of County Durham. It consists of 1.1ha of land to the north and south of Hilltop View road.

The site is located on a steep bank on the edge of a predominantly residential area, surrounded by a mix of semi detached terraced and bungalow housing open space and a new housing development. It currently comprises an area of amenity green space, north of Hilltop View road. The site is bordered by semi-detached and bungalows to the north on Eastern Avenue and west on Springwell Avenue. There is a new housing development of terraced housing to the east of the site and open green space to the south east and southern perimeter of the site.

Whilst the boundary maps (above) show the extent of the council's ownership this is not the extent the developable area on this site.

Planning History

The northern part of site north of Hilltop View road is defined as accessible amenity open green space, within the council's Open Space Needs Assessment (OSNA) (2018) (ref. OSNA ID:OSNA1393). The site is contained on the edge of an existing settlement. The site can be accessed via Hilltop View road, which would be conditional due to the steepness of the southern part of the site south of Hilltop View road. There is a wide offering of goods, services and facilities in relatively close proximity to the site, including a primary school, supermarket, doctors surgery, and several shops. There are multiple bus stops within 400m of the site. It may be possible for development on the south of the site north of Hilltop View road and the northern part of the land south of Hilltop road to act as an infill between the existing developments whilst still maintaining the accessible open green space, as long as it can be accessed and taking into account the steepness of the land on the southern part of the land south of Hilltop road.

Strategic Land Housing Availability Assessment.

The land to the south has been assessed in the SHLAA (ref. 4/LP/10) and has the following conclusion: "The site is well contained within the settlement form. The northern half of site would be a natural consolidation of the settlement. The southern half would be an incursion onto steeper bluffs above the village and should be excluded, reducing yield by around 40%. Highways have stated that access to the site would be conditional as the site is steep and access could only be taken from the north of the site. The site has reasonably good access to community services and facilities with the exception of secondary schools, post 18 education providers and bus services".

The developable area should be limited to the frontage of Hilltop View Road, and also allow for access to the open space north of the northern part of the site.



Housing Need and Demand

There is a national shortage of affordable housing that is acknowledged by Government. At a County Durham level, the Council's Strategic Housing Market Assessment (SHMA) assesses the need for affordable housing. The SHMA identifies a net shortfall of 836 affordable dwellings per year (2016-35). However, in terms of delivery, taking account of all types and developers, we rarely meet 50% of this need on an annual basis and there is a clear need to increase the supply of affordable homes.

As a result of the current challenging economic climate and COVID-19 pandemic, there is an even greater pressure to provide affordable homes within our communities. The Council Housing Programme provides an opportunity to meet the local needs for affordable housing in the right locations, releasing brownfield land, and addressing market failure, to deliver sufficient affordable housing within the County. House building provides greater economic stability and can act as a catalyst to sustainable economic growth, which will support the ongoing economic and community recovery from the pandemic.

Land North and South of Hilltop View Road, Langley Park



The Government White Paper 'Fixing Our Broken Housing Market' (Feb 2017) sought to diversify the market to achieve the amount, quality and choice of housing that people want. It noted that this includes supporting new and different providers. In this context, the White Paper identified the intention to support local authorities to build more homes. It set out a requirement for local authorities to go beyond their planning powers and help to deliver affordable homes themselves.

The County Durham Housing Strategy 2019 to 2024 seeks to increase the delivery of affordable homes to meet the identified gap. It also commits to delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible. The delivery of council housing is central to the Housing Strategy and represents a direct contribution to achieving both objectives in areas of housing need across the County.

Planning Policy Context

National Planning Policy Framework (NPPF) (2019)

The NPPF provides policy context at the national level. It is material to planning proposals and establishes a positive policy background for the delivery of new housing within sustainable locations. The NPPF particularly encourages residential development with a diversity of house types and tenures, and especially supports the provision of affordable housing. As a form of affordable housing, this proposal accords with the NPPF.

County Durham Plan (CDP)

As the site was not allocated for housing in the CDP, Policy 6, which concerns development on unallocated sites, is relevant. It states that development on sites which are not allocated within the Plan, or in a Neighbourhood Plan, which are either within the built-up area or well-related to a settlement will be permitted, provided the proposal accords with all relevant development plan policies, as well as the specific criteria outlined within the policy.

House Types and Tenure

Policy 15 confirms that 15% affordable housing provision is appropriate for this site. As a council housing site, 100% of homes on this site will be affordable, which will surpass this requirement. Policy 15 also sets down requirements in relation to specialist housing. To meet the needs of older people and people with disabilities, 66% of dwellings must be built to Building Regulations Requirement M4 (2) (accessible and adaptable dwellings) standard. At least 10% of units should also be level-access bungalows, flats, or, designed to meet the needs of a multi-generational family.

Housing Mix

Policy 19 requires all new housing developments to deliver an appropriate mix of dwelling types and sizes, taking account of existing imbalances in the housing stock. The council's Strategic Housing Market Assessment (SHMA) identifies the need for affordable housing within County Durham. It also identifies a need for 2- and 3-bedroom family-sized housing, as well as for smaller 1-bedroom dwellings. It has the potential to provide a mix of family homes and smaller dwellings (in particular, bungalows for older people).

Residential Amenity

As the site is located within a largely residential part of Langley Park, development of the site for council housing could be compatible with surrounding land uses and should not cause any negative impact on the residential amenity of neighbouring properties, in line with Policy 6.

Open Space

Policy 6 states that development must not result in the loss of open land that has recreational value which cannot be adequately mitigated or compensated for.

Policy 26 states that development will be expected to maintain and protect, and where appropriate improve, the county's green infrastructure network. Development proposals will not be permitted that would result in the loss of open space or harm to green infrastructure assets unless the benefits of the development clearly outweigh that loss or harm and an assessment has been undertaken which has clearly shown the open space or land to be surplus to requirements.

Roads and Access

Policy 21 requires new development to deliver, accommodate and facilitate investment in safe and sustainable modes of transport. Proposals should maximise the potential for journeys to and from the site to be made by means other than the car. The site is within close proximity to a number of bus stops.

Design

Policy 29 states development proposals will be required to achieve well designed buildings through contributing positively to an area's character, identity, heritage significance, landscape features helping to create and reinforce locally distinctive and sustainable communities.

Provided the design and materials employed are appropriate and fit into the character of the area (which will be determined during the planning process), the redevelopment proposal is likely to accord with Policy 6 and Policy 29.

Contaminated Land

Policy 32 states, when new development is proposed it is essential that the developer undertakes investigations and risk assessments and undertake any necessary remedial measures to ensure that any despoiled, degraded, derelict, contaminated and unstable land issues are satisfactorily addressed. Site deemed to be not contaminated and suitable for use, however if there is COU then remediation may be required.

Flood Risk and Sustainable Drainage

Policy 35 requires all development proposals to consider the effect of the proposed development on flood risk, both on-site and off-site. Surface water flooding and overland flow routes have been recorded on the site so further investigation would be required by the proposer to determine the need for mitigation measures. This could be mitigated through careful design of the site.

Heritage and Archaeology

The site is not located within a Conservation Area and there are no other heritage assets in the vicinity of the site.

Landscape and Ecology

Policy 43 states: All development proposals in, or which are likely to adversely impact upon Sites of Special Scientific Interest or National Nature Reserves will only be permitted Where the benefits of development in that location clearly outweigh the impacts on the interest features on the site and any wider impacts on the network of sites. Development of the site would have a neutral impact in landscape terms.

**Graphics for
Harthope and Spennymoor**

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Cabinet

15 December 2021

County Durham Inclusive Economic Strategy



Ordinary Decision

Report of Corporate Management Team

Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Councillor Elizabeth Scott, Cabinet Portfolio Holder for Regeneration

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report sets out a proposal to develop a County Wide Inclusive Economic Strategy. The report sets out proposals to ensure that in the development of the strategy and the detail of what is proposed inclusivity is the key priority for the Council and the county's strategy.
- 2 This report includes the findings of an Economic Review undertaken earlier this year and will seek agreement for an Economic Statement to be used as a basis for conversations with stakeholders until the new strategy is agreed in Autumn 2022.

Executive summary

- 3 At its meeting on 17 March, Cabinet considered a report entitled 'Economic Recovery and Prosperity: Levelling up and Investment for County Durham'. This provided an overview of the impact of Covid 19 on the county's economy, outlined the emerging findings of an Economic Review, identified national and regional funding opportunities, and detailed a thematic pipeline of potential projects and interventions to support future inclusive economic growth.
- 4 In March 2021, Cabinet noted the intention to produce an Economic Statement. Following discussions with elected members and external

partners, we have agreed to take a three-stage approach to developing a new Inclusive Economic Strategy for the County:

- **Stage One:** An assessment of the economy in the County and the production of an Economic Review. This has now been undertaken and is attached at appendix 3. **Complete;**
- **Stage Two:** Based on the Economic Review a short Economic Statement (see appendix 4) that provides the strategic context in advance of a full Economic Strategy being produced. **Subject of this report;**
- **Stage Three:** Production of the County Durham Inclusive Economic Strategy in partnership with key stakeholders and following consultation. **Economic Strategy to be completed by Autumn 2022.**

- 5 It is important to highlight the emphasis on the role of inclusivity in the county strategy. This is about the design of the plan, our communities, businesses, and residents must be the focus of the objectives and be included throughout the development process. Whilst the County Council will act as the enabler, it is the County's strategy and should therefore represent our many and diverse businesses, anchor institutions and communities.
- 6 The Economic Review was concluded in March and provides an assessment of the main drivers and structure of the current economy including the impacts of Covid 19, and future challenges and opportunities. The Economic Review (appendix 3) makes a series of policy focused areas to consider as the new strategy is co-produced over the coming months.
- 7 An Economic Statement has been produced which links this work to the County Durham Vision 2035, and the key findings of the Economic Review, and proposes a '5P framework' for the development of the new strategy, based on:
 - **People:** Supporting people into education, training, jobs, and to excel in business and their careers;
 - **Prosperity :** Supporting innovation, inclusive opportunities, economic growth, and higher levels of productivity;
 - **Places:** Developing, evolving, and protecting places and infrastructure so people and businesses can thrive;
 - **Promotion:** Promotion and celebration of the County and our assets to our communities, visitors, investors, and developers;

- **Partnerships:** Working in a range of partnerships to develop an inclusive, greener economy.
- 8 The Economic Statement provides an overview of our economic performance, suggests areas of the economy that we need to collectively support, and firmly positions the County in regional and national conversations relating to economic growth and levelling up. The report also provides a number of discussion points that will frame the conversations we have with stakeholders and partners that will frame the development of the new strategy by Summer 2022.
 - 9 The Inclusive Economic Strategy is an intreated proposal and supports other plans such as the County Durham Plan. The strategy may also drive the need for further detailed proposals such as a Transport Strategy and updated Housing Strategy.
 - 10 The Inclusive Economic Strategy will set the ambition and practical steps to identify, articulate and deliver what 'levelling up' means for our county and set out the priorities to achieve this.
 - 11 The draft Economic Statement is attached as appendix 4.

Recommendation(s)

- 12 Cabinet is recommended to:
 - (a) note the content of the Economic Review;
 - (b) agree the Economic Statement to be used to inform the conversations with the identified stakeholders and partners;
 - (c) agree the timetable and outline structure for the co-production of an Inclusive Economic Strategy.

Background

- 13 Our County is exceptional, the largest economy in the North East, with over 530,000 residents, an impressive range of high growth sectors, coast, heritage landscape, a world heritage site City, links from the East Coast Mainline, A1 and A19 and proximity to two airports, there is everything to offer in County Durham.
- 14 In March 2021 Cabinet considered an early overview of the scale of the County Durham economy and the importance of it to the North East, noting it¹:
- (a) generates £9bn of Gross Value Added annually;
 - (b) has 533,100 residents, supports 174,000 jobs in 14,565 businesses;
 - (c) has 101,800 residents classed as ‘highly skilled’ and has 30,100 self-employed people;
 - (d) the average wage is £26,495 and the County is home to 18,800 students (aged 18 to 24).
- 15 The importance of having a robust strategic framework to support interventions to drive economic growth is essential and a three stage approach was proposed:
- **Stage One:** An assessment of the economy in the County and the production of an Economic Review. This has now been undertaken and is attached at appendix 3. **Complete;**
 - **Stage Two:** Based on the Economic Review a short Economic Statement that provides the strategic context in advance of a full strategy being produced. **Subject of this report;**
 - **Stage Three:** Production of a Durham County Inclusive Economic Strategy in partnership with key stakeholders and following consultation. **Inclusive Economic Strategy to be completed by Autumn 2022.**
- 16 In addition, work continues to develop a pipeline of projects and interventions to support an economic growth strategy and to be used to access regional and national funding opportunities.
- 17 Importantly the County’s ambitious programme of investments, skills programme, support for new homes and leisure will continue as the new

¹ Figures updated with latest data

strategy is developed, however the strategy will support the next generation of investments and prosperity for our county.

Economic Review

- 18 Since the March Cabinet meeting, the Economic Review, undertaken by an external company supported by Council officers has been concluded, and a copy is reproduced at appendix 3. Given the scale of de-industrialisation in major industries over the last 30 years and its impact on many communities, County Durham has done well to sustain an employment base and introduce new investment, jobs, and sectors.
- 19 In summary the Economic Review:
- (a) establishes the strategic importance of the County Durham economy within the overall North East economy;
 - (b) identifies the challenges of future demographic changes with an increasing number of older residents and a decrease in the numbers of people of working age;
 - (c) considers the employment base in the County and highlights the exceptional level of manufacturing and the potential opportunities this presents. It also highlights the importance of the education and retail trade sectors in terms of employment numbers;
 - (d) shows that there is a net outflow of 30,000 workers who live in Durham and work outside of the County;
 - (e) specifically identifies tourism as an important growth sector with over 12,000 jobs, 20 million visitors and annual expenditure of nearly £1 billion;
 - (f) highlights that Durham has the highest number of business start-ups in the North East; with nearly 93% of business starts ups surviving after 12 months;
 - (g) shows economic output has increased from £6.2 billion in 2004 to £9 billion in 2019. However, national output has increased at a faster rate, which means there is a significant and growing gap between the county's and national performance, amounting to £3.2 billion per annum;
 - (h) considers the educational attainment of the workforce, concluding that it is consistent with regional comparisons but underperforms at all levels compared to the national average;

- (i) identifies that our employment rate mirrors the regional figure but although resident and worker incomes have risen by 23% since 2010 (better than the 21% national rate of growth) wages are still lower than both regional and national averages;
- (j) concludes that the occupational structure differs from the national average with higher proportions of people working in the care and leisure sectors, as well as elementary and routine occupations. This is indicative of the large manufacturing base and lower levels of educational attainment. In contrast, there are fewer people working in more highly skilled occupations in the county;
- (k) the county has high levels of deprivation, specifically high levels of health and disability related issues;
- (l) identifies the strategic importance of strategic and other business locations across the County to support economic growth and concludes that investment in future new sites and phases on existing sites should be maintained;
- (m) identifies the county as an important regional office market (second only to Newcastle) with Durham City being the main office location as well as a range of smaller premises throughout the County;
- (n) highlights the strategic importance of delivering good quality housing alongside economic growth;
- (o) reviews the shocks of the Covid 19 crisis on the county's economy, which was in part offset by Government and DCC interventions.

20 The review assesses the county's economic profile and makes initial suggestions on future policy objectives including the importance of continuing to attract investment, increasing our working age population, harnessing the spending power of large 'anchor institutions', harnessing our local cultural and heritage assets, and supporting the accelerated shift towards new ways of living and working. In order to deliver these objectives the Economic Review suggests our economic focus is on:

- (a) **Key sectors:** Logistics, advanced manufacturing, sustainable energy, green economy, health economy, digital and business services, a culture led visitor economy, and creative industries;
- (b) **New businesses:** New start-ups, small companies, scale ups and a strong inward investment programme;

- (c) **Harnessing anchor institutions:** Working in partnership with Durham University and Darlington and Durham NHS Foundation Trust to actively invest in the county in the same way the council does.

Economic Statement

- 21 An Economic Statement has been developed using the Economic Review as an overview of the county's economic performance, areas of the economy that we need to collectively support, and firmly positions the County in regional and national conversations relating to economic growth and levelling up. The report also provides a number of discussion points that will frame the conversations we have with stakeholders and partners that will underpin the development of the new strategy by Summer 2022.
- 22 The Economic Statement (see appendix 4) proposes headline aims for the Inclusive Economic Strategy which we will discuss with businesses, residents, delivery partners, and other stakeholders over the coming months:
 - (a) balance economic growth with the need to reduce carbon emissions and improve socio-economic sustainability;
 - (b) define priorities for growth and recovery from Covid-19 and take advantage of the opportunities emerging from Brexit;
 - (c) align with the County Durham Vision 2035, which sets the ambition of generating 'more and better jobs' across the county by:
 - (i) delivering a range of accessible employment sites;
 - (ii) having a strong, competitive economy and being a premier place to do business;
 - (iii) broadening the experience for residents and visitors to the county;
 - (iv) ensuring young people have access to good quality education, training, and employment;
 - (v) helping people into rewarding work;
 - (vi) ensuring fewer people are affected by poverty and deprivation.
- 23 The Economic Statement proposes a '5P framework' to conceptualise and organise the new strategy and the conversations we will have as

part of the development of the strategy. The framework is based on the following five principles:

- (a) **People:** Supporting people into education, training, jobs, and to excel in business and their careers;
- (b) **Prosperity:** Supporting business innovation, growth, and higher levels of productivity;
- (c) **Places:** Improving places and infrastructure so people and businesses can access opportunities;
- (d) **Promotion:** Promotion of the County and our assets to visitors, investors, and developers;
- (e) **Partnerships:** Working in partnership to develop an inclusive, greener economy.

24 Work will continue to implement a structure for the delivery of an Inclusive Economic Strategy that will be co-produced with residents, stakeholders, and communities over the coming months. The detail of the strategy and an action plan for the delivery of it, will be developed closely with the County Durham Economic Partnership (CDEP). At this stage it is proposed that the strategy will:

- (a) cover a long-term period of at least 20 years with regular reviews to ensure the strategy remains relevant;
- (b) underpin the delivery of inclusive economic growth, investment plans and policy development with clear objectives, targets, and performance management;
- (c) align with other county strategies (County Durham Vision, County Durham Plan, Climate Emergency Plan, etc) and integrate with regional and national strategies;
- (d) be developed and co-produced with key partners and stakeholders via a number of conversations including (see appendix 2 for a full list):
 - (i) residents;
 - (ii) businesses;
 - (iii) partnerships;
 - (iv) public sector bodies;
 - (v) anchor institutions.

- 25 A Steering Group will oversee the development of the strategy, which will include a wide range of key participants to ensure that the plan is developed holistically and represents the voices of County Durham and more widely.
- 26 The Inclusive Economic Strategy will support existing plans such as the County Durham Plan, as well as climate change, housing, and transport strategies. The plan will demonstrate our economic growth ambitions and activities to regional and national bodies to secure external investment and support.

‘Linking Economic Growth and Opportunity’ : A Conversation

- 27 Our plan must be a plan developed with the County for the County and therefore we want a more creative way of engaging, specifically starting with a conversation with business, resident, voluntary sector, and wider groups before a plan is developed, to really understand our aspirations and opportunities.
- 28 Although the baseline information has been produced to help develop the thinking to support of the Inclusive Economic Strategy, an essential stage of the process is to undertake comprehensive and wide ranging conversations with residents, communities, and other key stakeholders.
- 29 This will provide a genuine opportunity to
 - (a) capture the expectations and thoughts of our residents and communities who will be able to benefit from the opportunities that economic growth will bring;
 - (b) better understand the challenges that residents and communities are facing as they seek to secure employment and embark on careers in the County;
 - (c) provide elected representatives across the county with the opportunity to engage in the process at an early stage and offer their views on a wide range of issues associated with economic growth;
 - (d) hear from businesses and business organisations on the issues they face as they seek to grow and prosper and secure feedback on interventions and policy direction that would help drive economic growth;
 - (e) provide the opportunity for existing partnerships and organisations within County Durham to articulate specific challenges and opportunities that are linked to sustainable economic growth (Health, Housing, Skills etc);

- (f) ensure that we can take account of the wider challenges that our regional partners are facing and understand their strategic approaches to driving economic growth;
 - (g) engage with those anchor institutions that have 'economic clout' in the County because of the scale and importance of their operations;
 - (h) have a structured conversation across a range of audiences on how an economic growth strategy can genuinely embrace the County's carbon reduction ambitions and targets.
- 30 The conversation will be launched in the first week of January and will continue through to April 2022. It will be widely promoted to ensure as many people and organisations as possible take part.
- 31 The conversations will be structured in a way that takes the core information that has been developed to date (provided in this report) and makes it relevant and accessible to the various audiences. The ways in which the conversations take place will be varied and creative and will use traditional and innovative vehicles. Each conversation with different audiences will have specific targeted content and will be diarised over the period January to April.
- 32 The detailed conversation plan is currently being developed and will be approved by the Portfolio Holder for Economy and Partnerships, the chair of the County Durham Economic Partnership, and the Corporate Director for Regeneration, Economy and Growth.
- 33 An initial framework to structure the conversations has been produced and this will be finalised as part of the current work being undertaken. The conversations will link the economic review work and key outcomes of the County Durham Vision to a structure that captures content in a coordinated manner.

		High Level Aims	People	Places	Business Productivity	Promotion	Partnerships
Ekosgen recommendations	Rebuilding a powerful economy	✓	✓	✓	✓	✓	✓
	Low Carbon Economy	✓	✓	✓	✓	✓	✓
	Developing the pipeline for new investment			✓			
	Productivity and jobs in key sectors		✓		✓		
	Start ups		✓		✓		
	Place, investment and employment		✓	✓			
	Rural communities and economy		✓	✓			
	Skills, learning and communities		✓	✓			
	Schools		✓	✓			
	Communities and towns			✓			
	Anchor institutions						✓
	Delivering new investment and jobs			✓			
Vision 2035	Accessible employment sites			✓			
	Strong, competitive economy	✓					
	Broaden the experience		✓	✓		✓	
	Good education, training and employment		✓	✓	✓		
	Helping people into rewarding work		✓		✓		
	Tackling poverty and deprivation		✓	✓			

34 As the various conversations are concluded a comprehensive report will be produced and this will be used to inform the production of the first draft strategy which will then be subject to a formal consultation in advance of final approval in the Autumn of 2022. The process will clearly show how the conversations have influenced the design of the strategy.

Timescales for the New Economic Strategy

35 The timescales for the development of the Strategy are proposed as:

Development Stage	2022									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Stakeholder conversations	█	█	█							
Analysis of feedback and drafting strategy			█	█	█					
Consultation on draft strategy						█	█			

Sign-off										
Launch										

Conclusion

- 36 This report proposes the process for developing a new Inclusive Economic Strategy for County Durham. We propose to use a three-stage process; using evidence from an Economic Review to develop an Economic Statement and using the Economic Statement as a tool to co-produce a new strategy with businesses, residents, delivery partners, and stakeholders.
- 37 We will focus on an inclusive approach to development and delivery with time taken to understand a wide range of views and opportunities.
- 38 Further updates will be provided to cabinet as this important piece of work progresses.

Background papers

- Economic Review (appendix 3)
- Economic Statement (appendix 4)

Other useful documents

- Previous Cabinet reports: 'Economic Recovery and Prosperity: Levelling up and Investment for County Durham', March 2021

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Appendix 1: Implications

Legal Implications

None.

Finance

The costs of producing an Inclusive Economic Strategy over the coming months will be met from existing revenue budgets.

Consultation

Resident, business, delivery partner and stakeholder involvement are essential to the successful co-production of the strategy.

Equality and Diversity / Public Sector Equality Duty

The Inclusive Economic Strategy will be accompanied by a full Equality Impact Assessment and hard-to-reach groups will be involved in the development of the strategy.

Climate Change

The Inclusive Economic Strategy will have strong focus on 'greening the economy' in the future.

Human Rights

None.

Crime and Disorder

None.

Staffing

Existing staff will be supplemented with support from Ekosgen consultants.

Accommodation

None.

Risk

None.

Procurement

The procurement of external support for the production of the strategy is underway.

Appendix 2: Conversation Groups

See separate attachment.

Appendix 3: Economic Review

See separate attachment.

Appendix 4: Economic Statement

See separate attachment.

Appendix 2: Conversation Groups

Residents

- Local residents
- Young people
- Older people
- Durham Youth Council
- Disabled people
- People with long-term illnesses

Businesses

- Local businesses
- Charities and third sector organisations
- Business Durham
- North East Federation of Small Businesses
- North East Chamber of Commerce
- North East Confederation of British Industry
- NETPark
- Durham Business Improvement District
- Durham Business Club
- Aycliffe Business Park
- East Durham Business Network
- Drum Business Park Group
- Bishop Auckland and Shildon Business Community

Partnerships

- County Durham Partnership
- County Durham Economic Partnership Board
- Area Action Partnerships (12)
- North East Local Enterprise Partnership

Public sector bodies

- Town and Parish councils (104)
- Durham County Council Elected Members (126)
- Local MPs (6)
- Durham County Council employees
- Tees Valley Combined Authority

- North East Combined Authority
- North of Tyne Combined Authority
- North East Local Authorities
- Government departments and civil servants
- Utility companies

Anchor institutions

- Durham and Darlington NHS Foundation Trust
- Durham University
- Further Education Colleges



**County Durham Economic Review
Final Report**

March 2021



Report completed/submitted by:	John McCreadie, Esther Cordingley and Chris Peachey
Proof check completed by:	Lee Williamson
Date:	19 th February 2021
Amendments made:	1 st - 19 th March 2021
Report reviewed by:	John McCreadie and Kirsten Powell
Date:	19 th February 2021, 10 th March, 19 th March

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1 Introduction

Overview

1.1 Ekosgen were commissioned by Durham County Council to produce an Economic Review of County Durham.

1.2 The aim of the report is to provide a strategic overview of the economy and evidence base which will inform priorities for growth. To maximise the effectiveness of interventions to support the economy, it is vital that policy and investment decisions are based on a robust understanding of the economy's current strengths and weaknesses, and a shared appreciation of the best opportunities to support future economic growth.

1.3 The report seeks to provide a comprehensive overview of the current economic conditions, and to highlight the economic and social factors which will affect the future growth of the County Durham economy.

Context

1.4 There are a number of factors to consider which will impact upon future economic development. This includes both short and medium term shocks to the economy including the Covid-19 pandemic and the UK's departure from the European Union as well as the rural nature of the County.

1.5 In addition there are important long term major technological and social trends which include:

- Demographic change and an ageing population;
- Digitisation, automation and Artificial Intelligence (AI); and
- The move towards a low carbon economy.

1.6 Each of these will impact on the County Durham economy and need to be considered in regards to future priorities and interventions.

Covid-19

1.7 The Covid-19 pandemic and is having a profound effect on the economy. Sectors which have been worst hit include the tourism, hospitality and culture sectors, as a result of national lockdowns, social distancing measures and travel restrictions. While various protection measures and home working have reduced the immediate impact for many sectors, as government support such as Coronavirus Job Retention Scheme (CJRS) and Self-Employment Income Support Scheme come to an end increasing unemployment is likely to be experienced.

¹ ONS (2019) *Which occupations are at highest risk of being automated?*
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25>

1.8 The impacts Covid-19 is having upon the economy is explored in further detail in [Chapter 9](#).

Brexit

1.9 The UK left the European Union on the 1st January. While to date the main impacts experienced have included customs and border disruption, significant longer term effects are likely to emerge, including on imports and exports as the UK diverges from the EU on product standards or other regulations and on skills and recruitment for health and service sectors which rely on EU labour.

1.10 [Chapter 9](#) reviews the expected impacts of the departure from the EU in more detail.

Digitalisation, Automation and AI

1.11 Digitalisation, Automation and Artificial Intelligence (AI) is likely to cause an increasing number of operative and lower-skilled jobs to become redundant particularly in transportation, hotels and restaurants, manufacturing, trade and construction. Analysis of the jobs of 20 million people in England found that 7.4% are at high risk of automation, although new jobs to support and operate the technology will reduce some job losses.¹ Digital technology is anticipated to alter conventional employment structures reducing the demand for large office space, while technological advancements such as 3D printing will be disruptive to manufacturing and distribution allowing more to be produced in decentralised smaller facilities.

Rural

1.12 Given that County Durham is primarily a rural county, future growth prospects must also seek to achieve growth in the rural areas. A lack of a fast and reliable broadband connection acts as a constraint to growth in rural areas. The roll out of superfast broadband provides an opportunity to open up new sectors in these areas while helping existing sectors including tourism, agriculture and forestry to improve.

1.13 As recognised in the Local Plan the countryside is a constantly changing workplace and there is a need to balance the protection of the countryside with the need to support the vitality and viability of the rural economy including through agriculture and tourism.

Ageing Population

1.13.1 Across many developed countries, an important demographic shift is taking place, as a result of people living longer and having fewer children, resulting in the increase in the average age of populations. An ageing population has implications for the labour market, and will require a shift in public expenditure to meet the rising costs of health and social care.

Without improvements to population health, the ageing population will also result in a larger number of people living with disability and suffering ill-health.

1.14 By 2040 almost 24% of the population will be aged 65 and over, and the old age dependency ratio, defined as the number of residents at the State Pension age and over for every 1,000 working age residents, is expected to reach 352.

1.15 The ageing population coupled with the declining working age population, will increase the need to support people to stay in the labour force for longer and will require employers to focus on retraining and adapting the workplace to ensure continued employment, removing barriers to remaining in work, and enabling workers to adapt to new technologies. Increased technological investment and greater automation is likely to occur reducing the dependence on labour as a result of the demographic shift.

The Low Carbon Agenda

1.16 The global shift to 'clean growth' through low carbon technologies and the efficient use of resources is creating new industries and transforming existing ones. The shift to clean growth provides incentives to use technology to reduce input costs and to develop alternative 'environmentally friendly' products. The Government's Clean Growth Strategy (2017) highlights opportunities in renewable energy generation, construction and manufacturing.

1.17 The shift to a low carbon economy is also boosting the circular economy, where high energy using industries ensure that more by-products of their activities are used productively, with a greater emphasis on recycling. However, whilst decarbonisation provides many opportunities, it also has a downside for some businesses, with those that are heavily energy-intensive likely to come under pressure to reduce dependence on oil and gas.

1.18

Policy Context

The UK Industrial Strategy

1.19 The UK Industrial Strategy 'Building a Britain Fit for the future' identifies 'Five Foundations' which the Government argues are the "essential attributes of every successful economy". These are:

1. Ideas – R&D and innovation
2. People – skills, retraining and the labour market
3. Infrastructure – transport, digital and housing
4. Business Environment – increasing SME productivity and encouraging start-ups
5. Places – tackling regional disparities in productivity and economic performance

1.20 The strategy also introduces a number of 'Grand Challenges' which overarch the Foundations and represent areas in which the UK has the opportunity to play a leading global role. Reflecting the long-term economic drivers identified above, these include:

1. AI and Data Economy
2. Clean Growth

3. Ageing Society
4. Future of Mobility

1.21 Funding for economic development is increasingly being focused on Industrial Strategy priorities, with each LEP area being tasked to develop a Local Industrial Strategy which responds to the national priorities and reflects local economic strengths.

1.22 The Government has recognised that if living standards are to rise, the challenge is to increase productivity whilst keeping employment levels high across the UK. In addition to the national framework provided by the Industrial Strategy, a number of regional responses have been developed to attempt to tackle economic disparities in the UK economy.

1.23 The North East LEP was due to have their local industrial strategy published in 2020, however the publication has been delayed likely due to the Covid-19 pandemic.

North East LEP Strategic Economic Plan

1.24 The Strategic Economic Plan (SEP) was originally published in 2014 and sets out the ambition to increase the number of jobs in the north east economy by 100,000 by 2024. The plan is split into three distinctive parts:

- 1 Four areas of strategic importance – Digital, Advanced Manufacturing, Health and Life Sciences, and Energy are areas where the north east can build a stronger economy that continues to contribute to regional, national and global economic growth.
- 2 Four service sectors – Education, financial, professional & business services, transport and logistics & construction – these sectors support the wider economy and offer significant opportunity for more and better jobs in the north east.
- 3 Five programmes of delivery – Business growth, innovation, skills, employment, inclusion and progression, transport connectivity and investment & infrastructure.

1.25 The Strategic Economic Plan recognises the importance of the digital, advanced manufacturing, health and energy sectors within County Durham's economy and provides future spaces for investment and expansion. The Strategic Economic Plan is due to run until 2024, whereby the Local Industrial Strategy that is aligned to the principles of the SEP will continue until 2030,

The Northern Powerhouse

1.26 The idea of building a 'Northern Powerhouse' was first proposed by the Coalition Government in 2014. The aim is to boost economic growth in the North of England particularly in the major cities of Manchester, Liverpool, Leeds, Sheffield, Hull and Newcastle. The Government is investing in skills, innovation, transport and culture, as well as devolving significant powers and budgets to directly elected mayors to ensure decisions affecting the North are made in the North.

County Durham Local Plan

1.27 The County Durham Plan was adopted in 2020 and sets out a range of development proposals and planning policies for the county until 2035. The plan presents a vision for potential housing, jobs, transport, schools, healthcare and the environment until 2035.

1.28 The plan aims to:

- Continue economic growth and investment in the county
- Secure more and better jobs in the county
- Address the causes of climate change and adapt to its effects
- Secure the infrastructure to support new development and the relieve congestion and improve air quality
- Protect the historic and natural environment.

1.29 To support the continued economic growth of the county and the aim of more and better jobs for residents, the plan includes over 302 hectares of new land to be developed for business and industry. This is in addition to protecting over 1,500 hectares of existing business and industrial land to prevent any other land uses. The plan also includes policies to support town centres and allow the council to take a more flexible approach to support businesses in rural areas encouraging the local economy whilst protecting the environment.

Shared Prosperity and Place

1.30 The Government is committed to introducing a Shared Prosperity Fund as a replacement for losing ERDF and ESF resources as a consequence of leaving the EU. County Durham regularly used both of these funds to invest in a range of prospects. It will be important that the Council has sufficient pipeline proposals to take advantage of the new fund.

1.31 The recent Green Book review included consideration of place in the appraisal of projects. These new considerations are likely to apply to the levelling up agenda and these now need to be factored into to the developments of new propositions.

Levelling Up Agenda

1.32 Guidance is now being developed for the new Levelling Up Fund and the County will need to have sufficient resources and a credible pipeline to take early advantage of new arrangements, which are likely to focus on early delivery.

Report structure

1.33 The report is structured as follows:

- Chapter 2 gives a high level overview of the County Durham economy focusing on its productivity performance;
- Chapter 3 looks at the key characteristics of the local population and economic activity;
- Chapter 4 considers employment and sectoral strengths;
- Chapter 5 reviews the area's business and innovation base and environment
- Chapter 6 covers education, skills and training including the occupation profile and future skills needs;
- Chapter 7 reviews housing and communities including housing affordability, workforce catchments, deprivation and tourism;
- Chapter 8 outlines the current infrastructure position;
- Chapter 9 assesses the emerging impacts of Covid-19 and Brexit on the economy;
- Chapter 10 provides forecast economic and productivity forecasts.
- Chapter 11 provides the key strategic investment and policy priorities for County Durham.

2 Overview of the Economy

Introduction

2.1 County Durham is the largest local authority in the North East and the 8th largest in the country. It is bounded by: Northumberland, Gateshead and Sunderland to the north; Hartlepool, Darlington, Stockton-on-Tees and Richmondshire to the south; and Eden to the west. It is located within the North East Local Enterprise Partnership (NELEP) area.

2.2 With a population of 530,100 and an employment base of 183,000, County Durham is a key contributor to the North East economy, accounting for 20% of the region's population and 17% of total employment. Its population is primarily concentrated within the areas of Durham City, Chester-le-Street, Newton Aycliffe, Bishop Auckland, Consett and Peterlee, while two in five residents live in rural areas with a range of smaller towns and villages within the rural hinterland.

2.3 County Durham has successfully rebuilt its economy after the reduction in its historical strengths of coal mining and steel making. The industrial economy remains a strength of the County and provides a significant source of employment alongside the public sector.

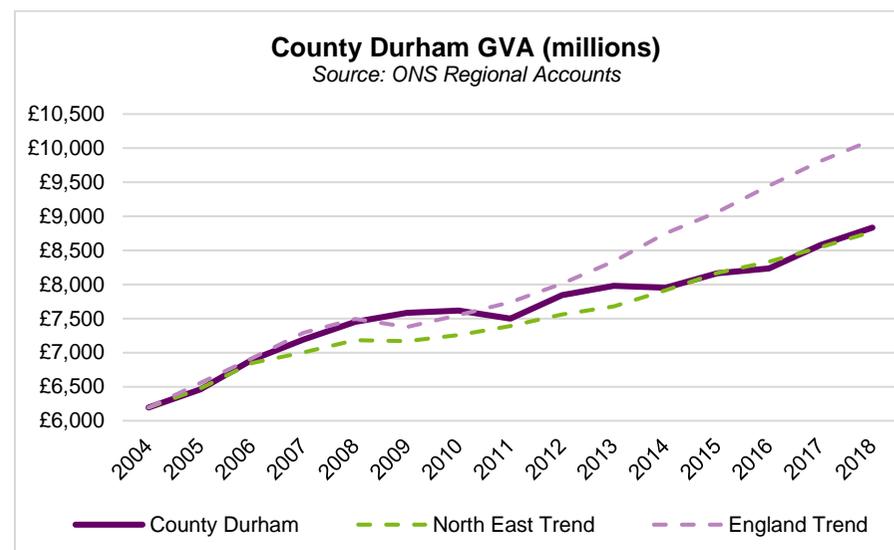
2.4 While the scale of unemployment has fallen and is significantly below peak numbers seen in earlier decades and the employment rate has been increasing, many communities continue to be affected by low household incomes and health inequalities.

2.5 County Durham is home to 14,105 businesses, including major employers GSK, Hitachi Rail, Amazon, Caterpillar UK Ltd, Gestamp Tallent Limited and ZF, although business density is below the regional and national level. The key employment locations are within Durham City, the A1 Corridor and the A19 Corridor.

Economic Performance

2.6 In 2018, County Durham contributed Gross Value Added (GVA) of £8.8 billion to the UK economy, accounting for 16% of the North East total (compared to 17% of the employment base and 20% of the regional population). Between 2008 and 2011 GVA growth flat lined, marking the aftermath of the financial crisis, however since then GVA has grown strongly.

2.7 County Durham's annual GVA contribution has grown by £2.6bn, 43%, over fifteen years, marginally above the North East rate of growth (42%) but significantly below the national level (64%). The national growth rate has been supported by a number of sectors where the North East as a whole is less well represented: for example professional, scientific and technical, finance and insurance, and information and communication activities.



2.8 The number of jobs has also increased over the past 10 years, with County Durham now recording an additional 10,500 jobs.

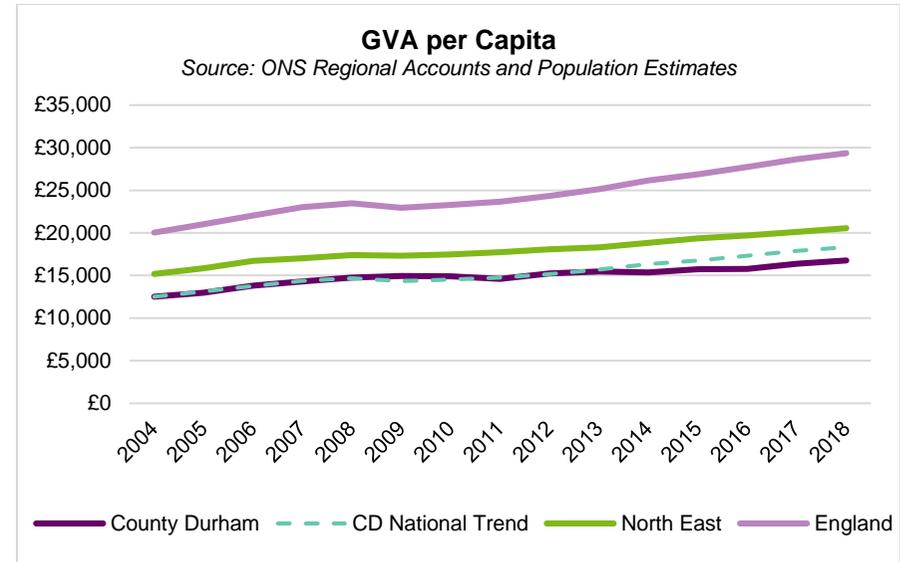
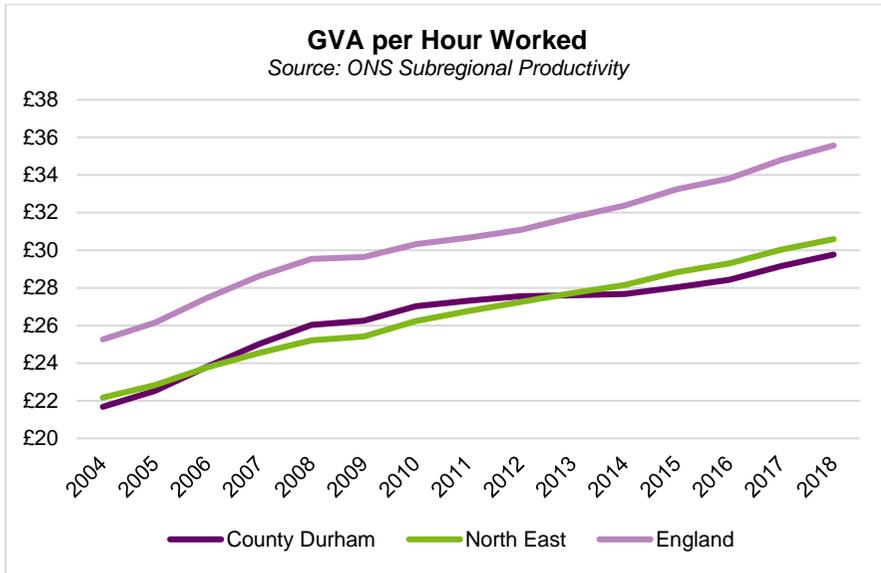
Productivity Performance

2.9 GVA and employment growth are good indicators of economic performance, while productivity – the amount of output produced from a given level of inputs – is an important determinant of prosperity. Productivity is the key determinant of both wages and profit, with the latter essential to allowing companies to maintain employment and finance re-investment. Productivity is of national interest given that productivity in the UK has fallen behind international comparators over the past decade.

2.10 Looking at the main measures of productivity used at local level in the UK, County Durham performs poorly on all measures:

- GVA per hour worked is 84% of the England average
- GVA per job is 81% of the England average
- GVA per FTE is 82% of the England average

2.11 Prior to the recession and up until 2010, the gap in levels of GVA per hour between County Durham and England was narrowing. However, since then the gap has widened.



2.12 GVA per head (per capita), which measures the overall prosperity in society (and takes into account children and older people not in the workforce) is used as a measure of regional disparity. It is affected by a number of factors: the proportion of the local population in work, how many hours they work and what sectors they work in, levels of productivity (per hour or per job) within those sectors, as well as the numbers and proportions of dependent children and older people. County Durham’s GVA per capita figure is 57% of the England average, at £16,763 compared to £29,356 nationally, indicating a much bigger gap in prosperity levels than there is in levels of productivity (with GVA per job and GVA per hour worked 81% and 84% of the England average respectively).

2.13 The major influence on the GVA per capita figure is high levels of older people and working age economic inactivity. The changing demographics, with regard to older people making up a much larger proportion of the resident population in future years, will increase the challenge of increasing the prosperity of County Durham communities.

2.14 GVA per capita has grown by 34% over the past 15 years, below the national growth rate (47%), increasing the performance gap. If GVA per capita had grown at the national rate, it would now be £18,328.

2.15 Geographical disparities in productivity are a result of a number of factors including:

- Workforce skills and health
- Capital investment and technology
- Productive assets and infrastructure
- Local geography, access to markets and institutions

2.16 Productivity disparities can arise because of geography, local culture, governance and infrastructure, which impact upon the economic activities and sectoral makeup of a place, shaping its workforce, while agglomeration and clusters of economic activity can have productivity benefits, leading to disparities with co-location of businesses driving knowledge sharing integrated supply chains. In addition, the impact of high skilled workers choosing to live in places with populations reflecting themselves can result in ‘brain drains’ in some locations while in others serving to increase productivity and attract investment.²

2.17 The average productivity statistics are skewed by a small number of highly productive places, particularly Inner London. It is worth noting that the most productive NUTS2 region (West Inner London) has an income per hour which is 70% higher than the median area’s GVA per hour.

² Industrial Strategy Council, UK Regional Productivity Differences: An Evidence Review, 2020

2.18 Economic and political uncertainty, regarding Brexit (and more recently Covid-19) may have dissuaded firms wishing to invest in profitable projects from doing so, impeding growth in the amount of capital per worker.

2.19 As noted by the Bank of England, slower manufacturing productivity growth can in part explain the UK's productivity gap with other comparable countries. Another potential reason is *capital shallowing* – where in manufacturing in particular, capital investment has not kept pace with increases in labour input. Given County Durham's large manufacturing base, this may help to explain the disparity between the national average.

2.20 Some of the factors explaining the different levels of performance include:

- **Potential labour supply:** County Durham's population has a marginally lower proportion of working age residents than England as a whole. In 2018m 62.2% of the population was of working age (16-64), compared to 62.6% in England as a whole, accounting for £65m of the gap in GVA levels. Recent data suggests the working age population is expected to decline at a faster rate than the national population.
- **Real employment rate:** Amongst the working age population, the employment rate is lower than the national average with 73.8% of the working age population in employment, compared to 74.7% nationally, accounting for £105m of the gap in GVA levels.
- **Productivity - sectoral mix:** Despite County Durham having a much lower share of workers in typically high productivity sectors than nationally – such as information and communication, finance and insurance, and professional, scientific and technical services sectors – the manufacturing sector which accounts for 14% of County Durham's workforce compared to 8% nationally and has a high GVA per employee of around £89,000, means that its sectoral mix is more productive given its GVA per employee by sector than if it had the same sectoral mix as the national population. This therefore narrows the GVA gap.
- **Productivity – sectoral performance:** Across all sectors, levels of output per job in County Durham are 81% of the England average. This accounts for the majority of the gap in GVA levels, £2.0bn.

2.21 GVA per head is also impacted by the net outflow of residents commuting to other areas to work, where their GVA contribution is recorded in other local economies. While productivity is not the only indicator of economic performance, high-productivity regions also tend to perform well along many other economic and social indicators.³

Summary

2.22 While increasing productivity is a national and County Durham priority, one consequence is that encouraging companies to introduce technologies such as robotics, will in the short term reduce the need for labour. These types of new technology investment are, however, essential if companies are to remain competitive.

2.23 County Durham benefits from some very productive sub-sectors and companies in its industrial economy. These sectors will face the challenge of having to recruit skilled and experienced personnel to take account of an ageing workforce. Recruiting a skilled workforce will be essential to maintaining and improving productivity in these high value added sectors, and may be more challenging given the UK's exit from the EU.

2.24 It does, however, have a much lower representation in the high value service sub-sectors such as digital and ICT. The County will need to strengthen a number of high growth service sub-sectors to create more jobs and increase productivity and increase the private sector's contribution to the economy.

2.25 An underlying priority, in terms of addressing economic challenges, is for County Durham to increase its working age population through jobs growth in its priority sectors, supported by increased housing provision to accommodate an incoming skilled workforce.

2.26 County Durham also needs to provide the locations which will attract companies, making full use of new technology, operating in national markets in addition to supporting its current business base to adopt new technology and invest in innovation and introducing new products to strengthen their competitiveness and reach new markets. More broadly, the County needs to invest in the economic infrastructure, notably transport, with a proven link to increased productivity.

³ UK Regional Productivity Differences: An Evidence Review, 2020

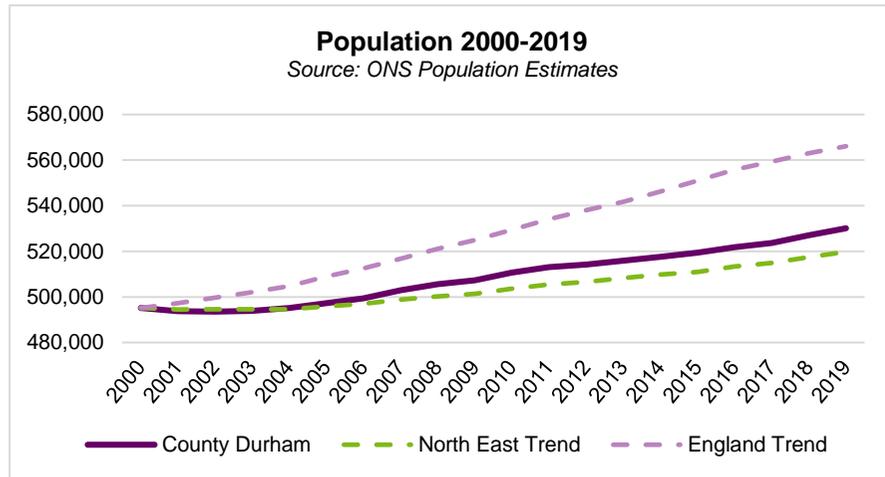
3 People and Demographics

Introduction

3.1 This section of the report provides an overview of County Durham’s resident population. The availability of labour plays an important role in the function and performance of local economies. Understanding the scale and composition of County Durham’s population, as well as the economic contribution that residents make, provides the basis for understanding both the challenges and opportunities to be considered in planning future interventions.

Population

3.2 As of 2019, the population of County Durham stood at 530,094, 19.9% of the North East region’s population. The population has grown steadily since 2000, experiencing an uplift of 34,956 residents (7.1%), ahead of the North East’s rate of growth (5.0%) but behind the national rate (14.3%). Had County Durham’s population grown in line with the national average, it would now be home to 566,076 people – an additional 35,982 residents.



3.3 Within the North East, County Durham has experienced the second highest local authority population growth rate since 2000, behind Newcastle upon Tyne where the rate was 10.8%; an uplift of 29,400 people.

3.4 Over the next 20 years (2019-2039), the population of County Durham is expected to grow by 5.4% (+28,484 people) to exceed 558,000 people. This is a much higher growth rate than forecast across the North East at 3.3% but remains below the national rate of 8.4% and will be a reduction on the last 20 years growth, reflecting the trend across all three geographies.

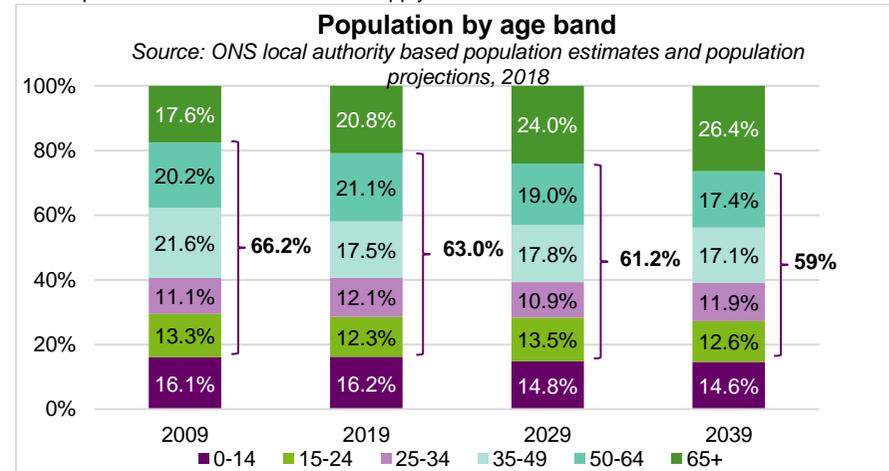
Population Projections – Total Population (in 000s)							
	2019	2024	2029	2034	2039	2019 – 2039 Change	
						No.	%
County Durham	529.7	539.7	548.0	553.9	558.2	28,484	5.4
North East	2,667.1	2,698.7	2,723.7	2,741.9	2,755.8	88,682	3.3
England	56,343.1	57,816.9	58,969.5	59,989.0	60,961.8	4,681,733	8.4

Source: Sub-National Population Projections 2018 based

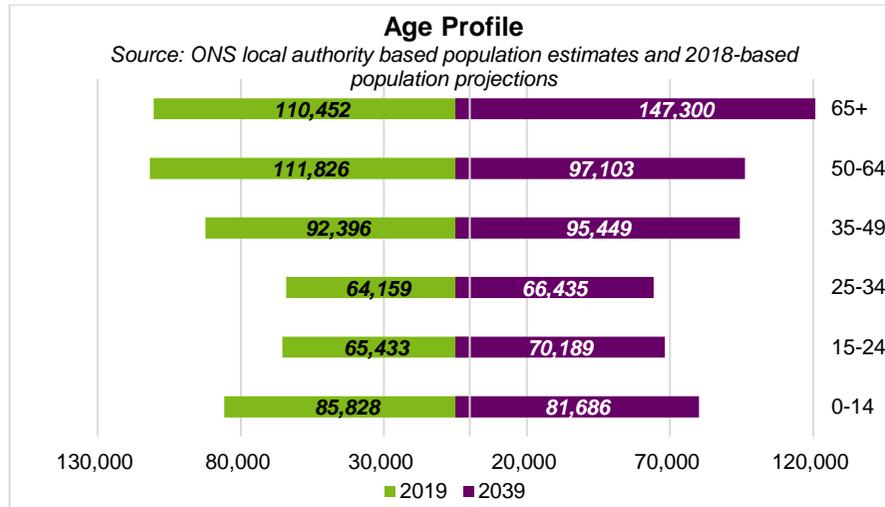
Age Profile

3.5 Between 2009 and 2019, the working age population as a proportion of the total population shrank by 0.5 percentage points, whilst the proportion of those aged 65+ increased by 4.2 percentage points. This reflects the ageing population being recorded nationally and has implications for levels of economic dependency, although many residents may choose to continue to work into later life, in part due to changes in pension entitlement but also reflecting extended healthy life expectancy.

This trend is expected to continue over the next 20 years, with the dependency ratio growing as the workforce declines relative to those of retirement age. By 2039, it is estimated that 26.4% of the population will be over 65 compared to 17.6% in 2009. The proportion of the population aged under 25 is also forecast to decline (from 29.4% of residents in 2009 to 27.2% in 2039), with implications for future workforce supply.



3.6 ONS population estimates suggest there will be an additional 36,850 people aged 65 and over (+33.3%) resident in County Durham by 2039, while there will be 9,400 fewer people across the key working age groups of 25-34, 35-49 and 50-64 (-3.5%), revealing the extent of the shift in demographic.



An Ageing Population

3.7 By 2039 the old age dependency ratio, defined as the number of residents at the State Pension age and over for every 1,000 working age residents, is expected to reach 400 in County Durham above the North East (387) and national (349) ratios.

3.8 An ageing population is highlighted as one of the Grand Challenges in the UK's Industrial Strategy, noting that the demographic shift will "create new demands for technologies, products and services, including new care technologies, new housing models and innovative savings products for retirement".

3.9 This illustrates the growing challenge of an ageing population, with implications for the labour market and health and care. Despite the raising of the state pension entitlement age and more people continuing to work beyond 65 than has been the case to date, there are still expected to be fewer workers over time supporting an increasing number of retired people, resulting in a higher dependency ratio.

3.10 There is a challenge to ensure older residents who wish to work longer are supported to do so and are equipped with the necessary skills and flexible employment opportunities to allow them to continue to work into later life.

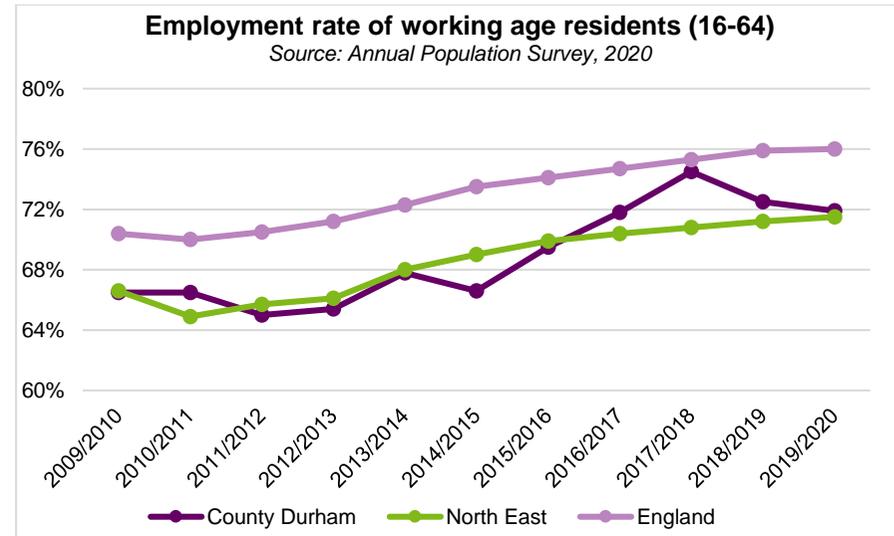
3.11 As the population ages there is likely to be significant skill losses as a large number of the workforce moves into retirement, especially in manufacturing jobs.

3.12 Alongside economic considerations, the data highlights the need to ensure appropriate health and social care provision and a sufficient range of housing is available to cater for the changing demographic, e.g. for those downsizing and those with mobility restraints. It is important that local and national government strategy responds to this challenge. Current housing supply and trends are considered in Chapter 7.

Employment Rate

3.13 Over the past ten years, County Durham's employment rate has broadly tracked the North East average and remained consistently below the national rate. Since the year ending September 2017, the employment rate in County Durham has remained above the regional rate peaking at 74.5% in 2017/18. Since 2009/2010, the number of people in employment within County Durham has increased by 13,200.

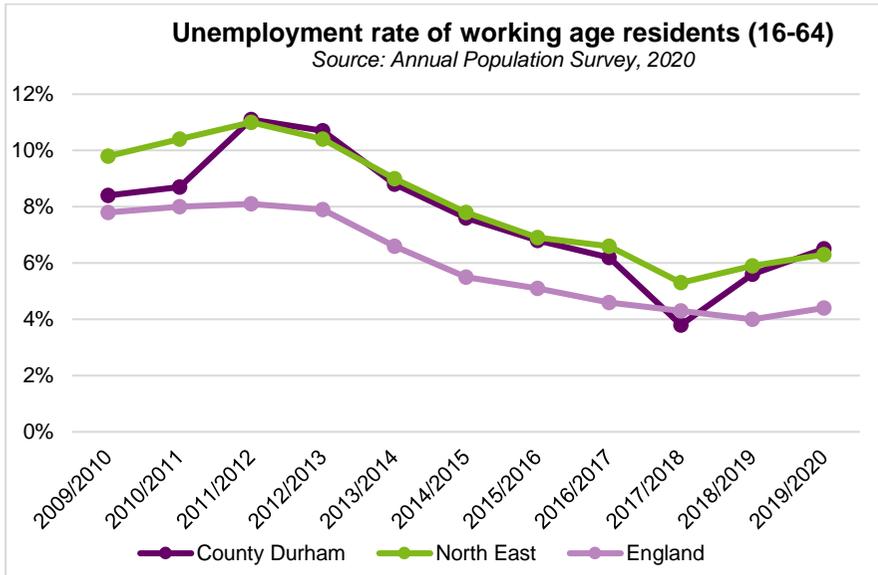
3.14 According to the Annual Population Survey, the employment rate for the year ending September 2020, has dropped from its peak to 71.9%. This is similar to the regional rate. In comparison to the other local authorities in the North East, County Durham has a lower employment rate than North Tyneside, Darlington, Gateshead, Stockton-on-Tees and Northumberland.



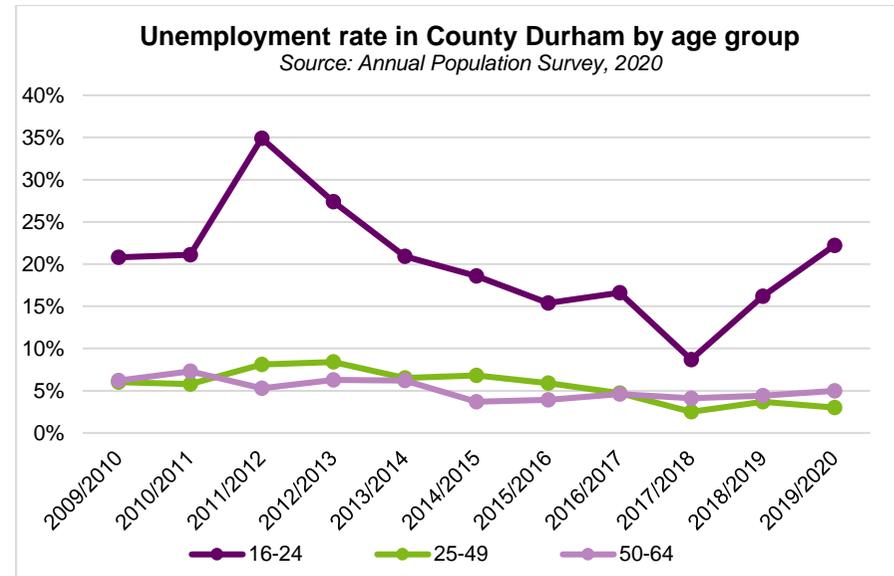
Unemployment Rate

3.15 Unemployment in County Durham has fallen over the past ten years. Having reached a peak of 11.1% of the working age population in the year ending September 2012, it fell to a low of 3.8% in 2017/18, although unemployment has begun to rise in the past two years.

Unemployment has been consistently above the national figure in all but one year - 2017/18. When compared to the regional rate, County Durham has followed a broadly similar trajectory over the past ten years.



3.16 The 16-24 age bracket typically experiences the highest rate of unemployment, although this may reflect older groups moving into the economically inactive groups affected by health issues. Unemployment amongst those aged 16-24 has fluctuated dramatically over the past ten years, from a peak of almost 35% in 2011/12 to a low of 8.7% in 2017/18, while unemployment of those aged 25 and over remained more stable. This is consistent with the regional and national trends. However, the level of unemployment amongst young people in County Durham in the year ending September 2020, at 22.2%, is significantly above the national rate for this age group (12.9%), with the data showing that the unemployment rate amongst this group was growing even before the impacts of the Covid-19 pandemic were felt. Covid-19 has disproportionately affected employment amongst young people, who typically have a high representation in sectors such as hospitality and leisure.

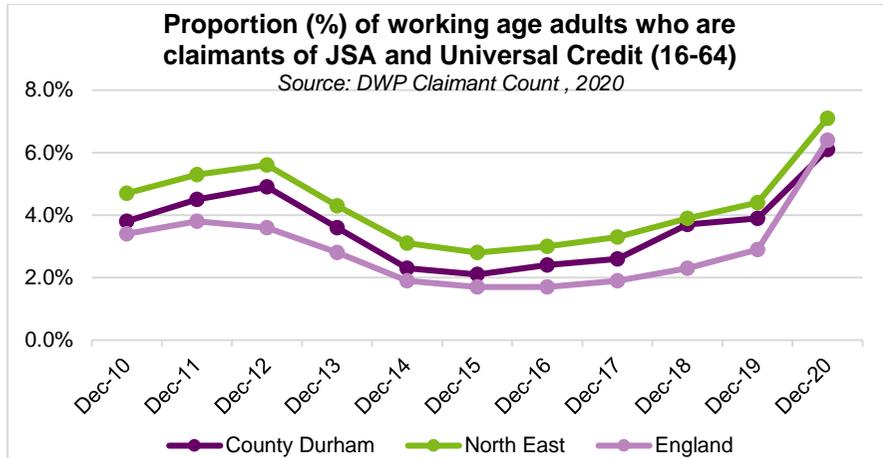


The Claimant Count

3.17 The Claimant Count captures people claiming Job Seekers Allowance (JSA) and those who are claiming the unemployment related elements of Universal Credit, providing a more comprehensive view of unemployment levels.

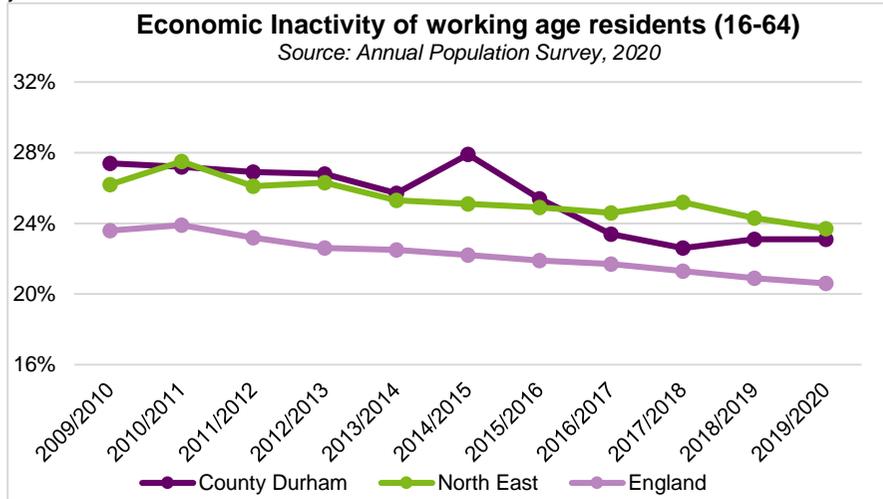
3.18 As of December 2020, the claimant unemployment count in County Durham was, 20,790, approximately 6.1% of the working age population, an uplift of 8,045 from the same period in the previous year. Whilst the number of claimants has been increasing since 2015, the notable spike in 2020 is likely a result of the Covid-19 pandemic. Supporting people to return to work as the economy recovers will be a priority.

3.19 County Durham has consistently had a lower share of claimants in working age population than across the region, but a higher share than nationally apart from most recent data from December 2020, which highlights the impact of Covid-19 where the national proportion (6.4%) is above the County Durham level (6.1%).



Inactivity

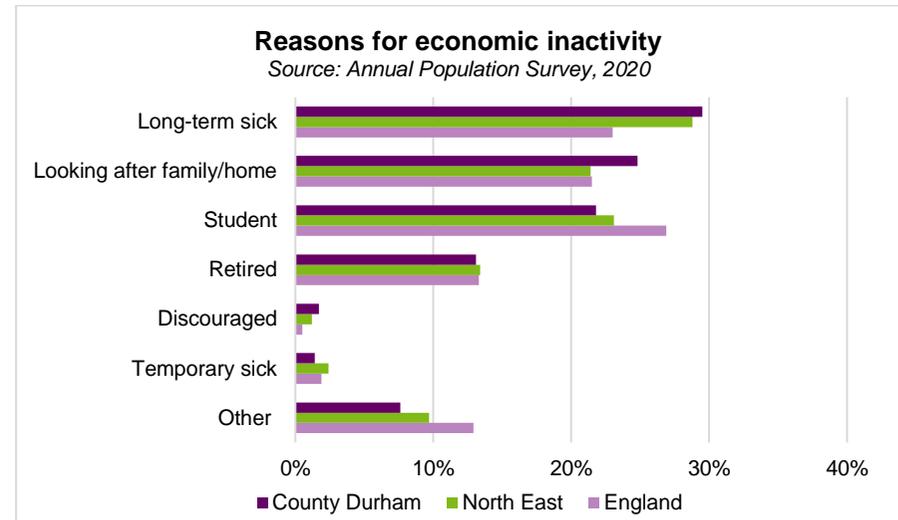
Economic inactivity in County Durham amongst the working age population (i.e. those not in the labour force) is estimated at 23.8% for 2019/2020. The inactivity rate has been on a downward trajectory since 2009/2010, consistent with the regional and national trend, with the exception of a spike in 2014/15 in County Durham. The rate of inactivity follows a similar trend to the North East, but has remained consistently higher than the national rate over the last ten years.



3.20 Over 22,000 residents in County Durham are economically inactive due to long-term health conditions, accounting for 29.5% of those classed as economically inactive, exceeding the regional (28.8%) and national (23.0%) proportions. This highlights the need to tackle health inequalities, which act as a constraint to growth and influence deprivation among communities.

3.21 The second most common reason for inactivity is looking after family members or the home (24.8%), with 18,600 residents, above the regional (21.4%) and national (21.5%) proportion. There is a lower proportion of students amongst the economically inactive, with 16,300 residents accounting for 21.8% of those classed as inactive, despite the existence of a university within the County.

3.22 In County Durham over a quarter (26.0%) of the inactive population would like a job, this is higher than the regional (24.9%) and national (21.9%) proportion, suggesting in County Durham this group may face more barriers to entering employment, or lack of training and employment opportunities than elsewhere.



Resident and workforce earnings

3.23 The median earnings for residents of County Durham in 2020 were £28,002 for full-time workers in line with the median earnings for the North East but more than £3,700 below the national average.

3.24 In contrast, the median earnings for workers within County Durham during 2020 were £26,495 for full time workers, below both the regional and national median earnings. This suggests residents commuting out of the County are higher paid on average than those commuting in, in part reflecting the sectoral and occupational profile of employment.

3.25 Over the past ten years the earnings gap for both residents and workers has declined slightly in County Durham, although it remains below the national average.

3.26 Looking at low earners, the 10th and 25th percentile of both resident and workplace earnings are below the regional and national averages. When compared to the national average, the earnings of the 25th percentile in County Durham equate to less than 90% of the England level on both resident and workplace measures.

Resident Earnings – 2020			
	County Durham	North East	England
Median	28,002	27,971	31,766
10th percentile	16,984	17,289	18,065
25 th percentile	20,177	20,991	22,932
Workplace Earnings – 2020			
Median	26,495	27,865	31,777
10th percentile	16,405	17,160	18,070
25 th percentile	19,685	20,819	22,938

Source: ASHE 2020

Summary

3.27 While the County Durham population will increase over the next 20 years, the challenge of an ageing population, with implications for the labour market and health and care, and a reduced number of working age residents will have implications for both economic growth and the sustainability of local centres.

3.28 There is a challenge to ensure older residents who wish to work longer are supported to do so and are equipped with the necessary skills and flexible employment opportunities to allow them to continue to work into later life.

3.29 The data highlights the need to ensure a sufficient range of housing is available to cater for the changing demographic, e.g. for those downsizing and those with mobility restraints, but also to increase the supply of family housing to attract a larger working age population from other areas. County Durham needs to increase family housing in popular locations to help attract the 30-50 age group, as part of a strategy to increase its working age population and reduce in-commuting for higher skilled jobs in County Durham companies and institutions.

3.30 County Durham has a good employment rate although this is likely to decline in the short term as the full impact of the pandemic emerges, with a corresponding increase in unemployment, particularly amongst young people. There is a pressing need to increase job support actions and encourage private sector investment to offset ground lost during 2020/21.

3.31 While there is a focus on higher skilled and higher paid jobs, many of the replacement jobs needed to offset pandemic redundancies are at the intermediate skills level, with potential replacement jobs in sectors such as distribution, logistics and the health sector.

3.32 It is likely that unemployment will remain high and increase most amongst younger people, particularly those in the tourism, leisure and hospitality sector, and there may be scope for providing training which opens up other opportunities to them, such as through enhanced digital skills.

3.33 Many younger people would be encouraged to delay entering the labour market in 2021 and would be better serviced in gaining work related qualifications and looking for new jobs in 2022 when the economic recovery will be gaining momentum.

3.34 There are likely to be reduced opportunities for longer term unemployed and people seeking to return to work after an absence over the next two years. New supported employment initiatives and increased social value activities may be needed to provide additional support.

3.35 While the proportion of the working age population has been falling for some time, the County Durham inactivity rate is significantly above the national rate and large numbers of residents are unable to work due to care responsibilities and health related issues. Supporting local people to address these issues could help over the medium term to increase the size of the workforce and increase household incomes.

3.36 In particular a high proportion of the economically inactive population have long-term health conditions, highlighting the need to tackle health inequalities, which act as a constraint to growth and influence deprivation among communities

3.37 New health innovations are helping many people to better manage health conditions and these will help some people to return to work. The NHS is investing in digital health applications to assist people and County Durham needs to ensure such new approaches to better healthcare can benefit local residents.

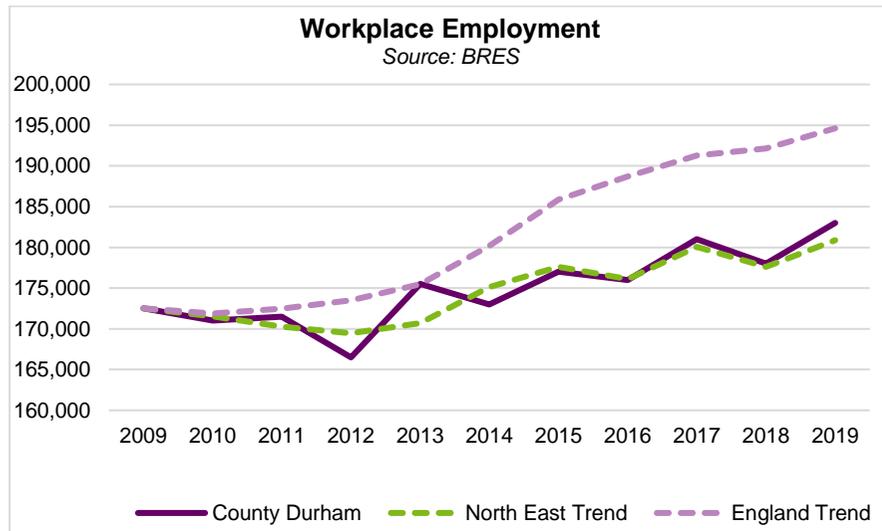
4 Employment

Introduction

4.1 This section of the report provides an overview of employment patterns in County Durham, including employment trends, sectoral strengths and key employment locations. Underpinned by historical strengths and reflecting evolution of the local, national and global economy, a thorough understanding of the employment base can set the wider economic review findings in context.

Employment in County Durham

4.2 In 2019, 183,000 people worked in County Durham, accounting for 16.6% of total employment in the North East, a proportion below the county's share of population. Between 2009 and 2019, employment has increased by 10,500 (6.1%), above the regional rate (4.9%) but lower than the national rate of employment growth (12.8%). If County Durham's employment level had grown in line with the national trend, there would be 11,600 additional jobs in the county in 2019.



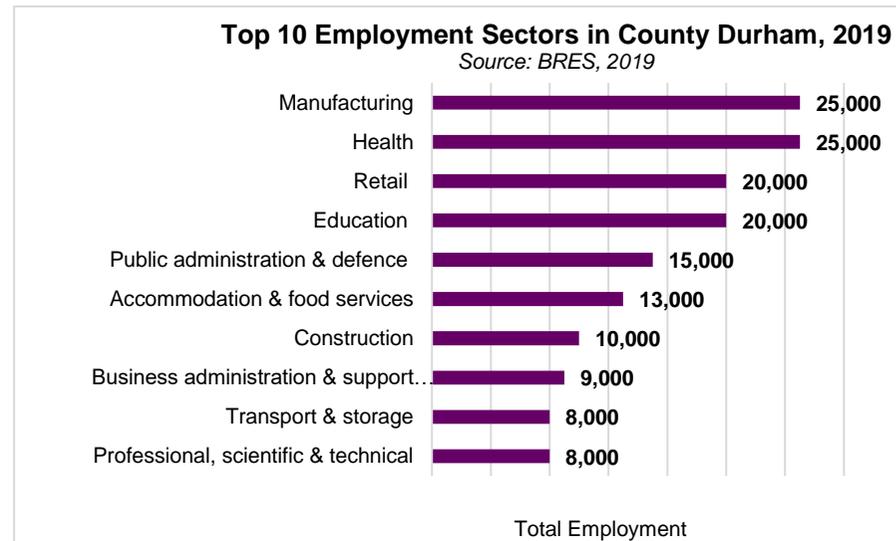
4.3 Approximately two thirds (66.3%) of employees in County Durham in 2019 worked full-time, and a third (33.7%) part time. This employment split is similar to the regional (66.1% full time) and national averages (68.1%). Total employment exceeded the number of employees in County Durham by 8,000 in 2019, taking account of self-employed workers (who are registered for VAT or PAYE).

Workplace Employment, 2019		
	No.	%
Full-time employees	116,000	66.3%
Part-time employees	59,000	33.7%
Total Employees	175,000	-
Total Employment	183,000	-

Source: BRES, 2019

Sectoral Profile of Employment: A Traditional Employment Base

4.4 Manufacturing and health are County Durham's most prominent employment sectors, accounting for 13.7% of employment (50,000 people) each, 4.5% of 1.1m jobs in the North East. Retail and education also account for a large proportion of employment.



4.5 At broad sector level there are some differences in the sector structure of County Durham's economy compared to the national average:

- Sectors which are overrepresented include: manufacturing accounts for 13.7% of jobs in County Durham compared to 8% nationally; education is also over

represented within the local economy at 10.5% compared with the national rate of 8.4%, this is in part likely to be due to the strong presence of Durham University.

- Sectors which are underrepresented include: professional, scientific and technical professions that account of 4.4% of jobs in County Durham compared to 9.8% nationally.

4.6 The sectoral profile of employment therefore shows a bias towards employment in sectors that are undergoing a period of change (in the form of manufacturing and retail) and public sector focused elements of the economy.

Sectoral Employment Change

4.7 Whilst employment has grown overall in County Durham between 2009 and 2019 there have been significant differences in performance by sector.

4.8 Considering areas of higher than average growth:

- The arts, entertainment and recreation industry grew by 50%, generating an additional 1,500 jobs, at a time when the sector grew by 23% across the North East and 15% in England. The sector now accounts for a similar share of total employment (4.4%) in County Durham as regionally (4.4%) and nationally (4.8%).
- Education employment grew by 2,500 (+14%) compared to the sector's stagnation across the North East and nationally.

4.9 Although the growth rate was below the national average, the addition of 1,500 professional, scientific and technical jobs (+23%) represents significant growth in what remains an under-represented sector in County Durham. Overall, gains support the growing dominance of a service-based economy.

Significant Employment Growth by Industry between 2009 and 2019

	County Durham		North East	England
	Total change	% change	% change	% change
Administrative and support service	2,500	38	39	31
Education	2,500	14	2	5
Human health and social work	2,000	9	16	15
Professional, scientific and technical activities	1,500	23	5	36
Arts, entertainment, and recreation	1,500	50	23	15
Wholesale and retail trade	1,000	4	3	3
Information and communication	500	40	22	25

Source: BRES, 2019

4.10 Conversely, some sectors within County Durham have experienced some moderate declines in recent years. As examples:

- There was a loss of 625 (-26%) jobs in the financial and insurance activities sector – a greater loss than recorded across the North East (-9%) whilst this sector grew by 1% nationally.
- Whilst there was a loss of 1,000 jobs (-6%) in public administration and defence, this sector fared much better than regionally (-24%) and nationally (-14%), with the sector remaining a key employer in County Durham.

Significant Employment Decline by Industry between 2009 and 2019

	County Durham		North East	England
	Total change	% change	% change	% change
Public administration and defence	-1,000	-6	-24	-14
Financial and insurance activities	-625	-26	-9	1
Manufacturing	-500	-2	-6	1
Construction	-500	-5	-19	8

Source: BRES, 2019

Sub-Sectoral Strengths and Specialisms

4.11 Sub-sector data provides a more detailed understanding of the structure of the County Durham economy, including areas of specialism within the employment base. The analysis considers two factors – total employment, and the concentration of employment as measured by the Location Quotient (LQ). The LQ is a measure of specialisation compared to the national average. A LQ of 1 indicates that the share of total employment in a sector locally is the same as its share nationally. A LQ above 1 indicates that the area has a higher proportion of employment in that sector than the national average. A LQ less than 1 indicates that the area is under-represented in employment terms.

4.12 In actual terms, the service economy dominates County Durham's top employment sub-sectors. The largest sub-sectors of employment are education and retail trade, collectively accounting for 22% of total employment and with employment levels growing over the last ten years. Public sector administration and defence is also an important subsector of the economy. In all three cases, the LQ exceeds 1. This highlights the prevalence of the public sector within the County Durham economy.

4.13 Although actual employment levels are lower, the LQ analysis shows that County Durham has notably higher than average concentrations of employment in residential care activities (a sector that is expected to grow to support an ageing population), land transport and transport via pipelines and social work activities within accommodation.

Employment by 2-Digit Sector 2019			
	Jobs	LQ	2009-2019 Growth
Education	20,000	1.30	2,500
Retail trade	19,500	1.16	2,000
Public admin. & defence; compulsory social security	15,000	2.09	-1,000
Food & beverage service activities	11,500	1.05	1,500
Human health activities	11,000	0.82	500
Social work activities without accommodation	7,000	1.36	500
Residential care activities	6,500	1.57	1,000
Specialised construction activities	6,000	1.20	-500
Wholesale trade	5,000	0.69	-500
Land transport and transport via pipelines	5,000	1.37	-500

Source: Business Register and Employment Survey

4.14 The industrial economy remains important to County Durham – the primary (extraction of raw material) and secondary (manufacturing) sectors account for nine of the top ten sub-sectors by LQ. Although mining employment figures are now low, the sector remains an over-represented area of the local economy. The manufacture of pharmaceutical products is 8.11 times more concentrated than the national average (driven in part by the presence of Glaxo Smith Kline – a major pharmaceutical company) whilst water collection and treatment is 4.24 times more concentrated than the national average (with the Northumbrian Water HQ in the county).

Employment by 2-Digit Sector 2019			
	Jobs	LQ	2009-2019 Growth
Mining of coal and lignite	150	63.59	145
Manufacture of basic pharmaceutical products & pharmaceutical preparations	1,750	8.11	250
Water collection, treatment & supply	1,000	4.24	0
Manufacture of machinery & equipment n.e.c.	4,000	3.76	750
Manufacture of fabricated metal products	4,750	2.80	2,250
Manufacture of wood & of products of wood/cork	1,125	2.53	-125
Electricity, gas, steam & air conditioning supply	1,750	2.37	-250
Public admin. & defence	15,000	2.09	-1,000
Manufacture of motor vehicles, trailers & semi-trailers	2,000	2.05	-125
Manufacture of electrical equipment	850	2.05	-100

Source: Business Register and Employment Survey

Manufacturing

4.15 The Durham economy has a large manufacturing sector and a number of major world leading companies established in the County that acknowledge both historic and emerging strengths. The sector is represented through a diverse range of sub-sectors, including a number where there is both a strong presence and growth potential.

4.16 The manufacture of fabricated metal products forms the largest component of the manufacturing base within County Durham accounting for 4,750 jobs, a figure that has grown by 2,250 jobs since 2009. This is followed by the manufacture of machinery and equipment that accounts for 4,000 jobs and has experienced an uplift of 750 jobs.

4.17 County Durham is host to an increasing number of key manufacturing employers and assets. For example:

- Hitachi Rail has established a train manufacturing and assembly site at Merchant Park in South Durham employing around 600 and further sites have been identified within the county to expand operations further.
- Glaxo Smith Kline (GSK) is a major international brand that also has a significant facility at Barnard Castle employing around 1,400 within West Durham.
- Gestamp Tallent Limited, a Tier 1 automotive chassis manufacturer, employ around 1,000 in Newton Aycliffe.
- Caterpillar UK Ltd are the largest employers in Peterlee with over 1,000 employees and are the only manufacturer of off-highway articulated trucks in the Caterpillar Group.
- ZF (formerly TRW Systems Ltd) are a Tier 1 automotive manufacturer of sensing equipment for cars, employing around 800 in Peterlee.
- 3M UK plc, manufacturers of respiratory masks and PPE, employ over 400 in Newton Aycliffe.
- Husqvarna UK Ltd manufacture robotic lawnmowers, employing over 400 in Newton Aycliffe

4.18 This illustrates how traditional and advanced manufacturing companies have successfully established themselves within County Durham with potential for further growth to occur.

4.19 While some manufacturers will increase their competitiveness through digitisation, robotics and automation, reducing the workforce, there is the opportunity to offset these losses through growth in some of the strongest sub-sectors. This includes those that are able to take up new opportunities in growth markets in the green economy, clean energy and long-term activities to reach zero carbon and help to meet climate change objectives.

4.20 While the pandemic has had a limited effect on the advanced manufacturing sector, Brexit is likely to impact on those companies which are part of European supply chains and are dependent on the recruitment of high skilled international migrants. Conversely, over the next five years, new trading arrangements could unlock new opportunities. Increased advanced manufacturing employment provides an opportunity for increased employment in skilled, above average productivity roles, therefore increasing the mean productivity in the local authority.

Productivity by Sector

4.21 As noted in Chapter 2, County Durham's economy generated £8.8bn billion of GVA in 2018, accounting for 16% of the North East total. One key measure of productivity is GVA per full-time equivalent (FTE) worker - the value of the output that one worker produces. In County Durham in 2018, GVA per FTE was £61,601 20% less than the national average at £75,149.

4.22 GVA per FTE varies considerably by sector, as shown in the table below. The sectors with the highest productivity levels in County Durham are manufacturing and agriculture, mining and utilities. While County Durham is more productive in the primary and secondary sectors of manufacturing and agriculture, mining and utilities compared to the national average, it is notable that it records a lower output per FTE worker in all other sectors. The largest disparities are evident in finance and insurance activities (reporting the third highest level of GVA per FTE within County Durham but a rate that is less than half the figure reported nationally) and information and communication (where the GVA per FTE contribution is just over half the national average).

4.23 These low levels of productivity impact on business profitability and wage levels, depressing household incomes and limiting the amount of spending in the local economy. Driving up productivity levels, across all sectors, is an important priority for County Durham but particularly in those sectors where performance lags considerably behind the national average.

4.24 Manufacturing, agriculture, mining and utilities and public admin and defence all account for a larger proportion of GVA than employment, finance and insurance activities and information and communication account for the same share, while the reverse is true in the case of all other sectors.

GVA per FTE by Sector, 2018

	County Durham	England
Agriculture, mining, electricity, gas, water and waste	£139,956	£118,505
Manufacturing	£92,458	£78,802
Financial and insurance activities	£67,273	£143,805
Public administration and defence	£66,059	£78,763
Information and communication	£59,016	£116,376
Construction	£54,857	£90,860
Education	£46,820	£52,960
Wholesale and retail trade	£40,267	£55,692
Transportation and storage	£39,310	£58,950
Other service activities	£38,857	£63,682
Human health and social work activities	£36,333	£45,754

GVA per FTE by Sector, 2018

Arts, entertainment, and recreation	£35,368	£59,557
Professional, scientific and technical activities	£34,476	£64,869
Administrative and support service activities	£31,412	£47,506
Accommodation and food service activities	£29,290	£32,627
Economy wide	£61,601	£75,149

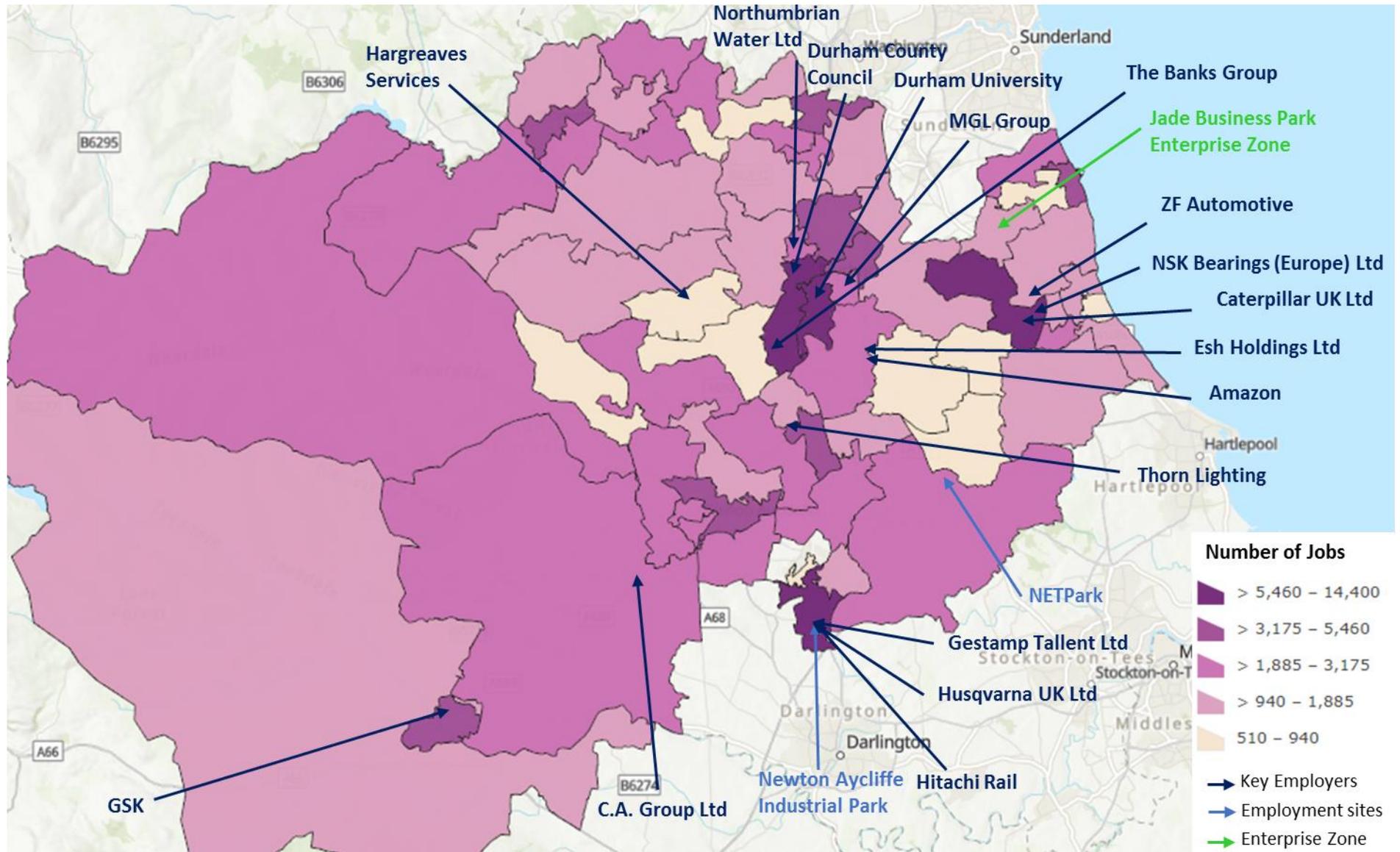
Source: BRES and ONS Regional Accounts GVA (Balanced)

*excludes Real Estate activities

Key Employment Locations

4.25 The map overleaf, shows the distribution of employment across County Durham, with the darkest purple areas presenting the location of the highest number of jobs, as of 2019. This highlights concentrations of employment in Durham City, Newton Aycliffe, Peterlee as well as Bishop Auckland, Barnard Castle, Spennymoor, Seaham, Chester-lee-Street and Consett. The map also highlights the location of some of the largest public and private sector employers and key business locations and assets. Key employment locations are covered in more detail in [Chapter 8](#).

Key Employment Locations



Summary

4.26 There has been significant employment growth in County Durham, with an additional 10,500 jobs added since 2009. However, the full impact of Covid-19 upon employment is yet to be experienced.

4.27 County Durham has a large industrial and public sector employment base. Manufacturing is a key sector of the economy with a large and diverse company base supporting 25,000 jobs. It makes the largest contribution in terms of GVA to the County Durham economy with its contribution per FTE exceeding the national average. While there is an underlying long term trend of workforce reduction in the sector, and this may be exacerbated by Brexit, the broad sector and particular sub-sectors have the potential to contribute to the UK Industrial Strategy, increasing County Durham and national productivity and supporting a move towards clean and renewable energy as part of zero carbon objectives.

4.28 It is impossible to overstate the importance of manufacturing to the County Durham economy. It is the largest source of full time, well paid jobs and the workforce productivity easily exceeds the national average. Maintaining and, if possible, increasing employment, in the light of many challenges, is the number one economic priority for County Durham. There is a long term downward trend in UK manufacturing employment, and County Durham will need to

secure new and significant inward investment – an ambition that it has successfully achieved in recent years – to offset the inevitable jobs losses in some sub-sectors.

4.29 The health sector has a very large employment base in the County and this is likely to continue. Brexit is likely to lead to recruitment challenges for the care sector while the health sector supply chain is likely to seek to reduce dependency on international supply chains, in the light of the Covid-19 pandemic. The sector is the best source of employment opportunities, across a broad range of skill levels, with replacement demand generating new job opportunities each year.

4.30 The performance of the ICT sector in County Durham is very poor, with GVA/FTE less than half of the UK figure, as is financial and insurance services. While the latter is not surprising, the ICT figure is worth further investigation and to take advantage of new trends the development of a strategy to address this issue, covering all aspects of sector development including place, business premises, business support and new starts and skills, should be a priority.

4.31 County Durham continues to be over dependent on the public sector for jobs growth and sector specialism. Increasing private sector employment in the high growth service sub-sectors is a requirement to rebalancing the economy, increasing employment and improving productivity.

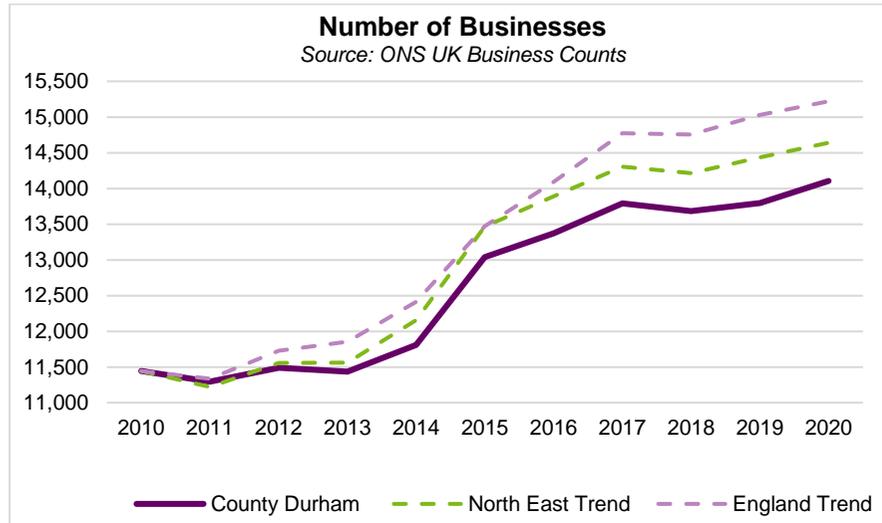
5 Business and Innovation

Introduction

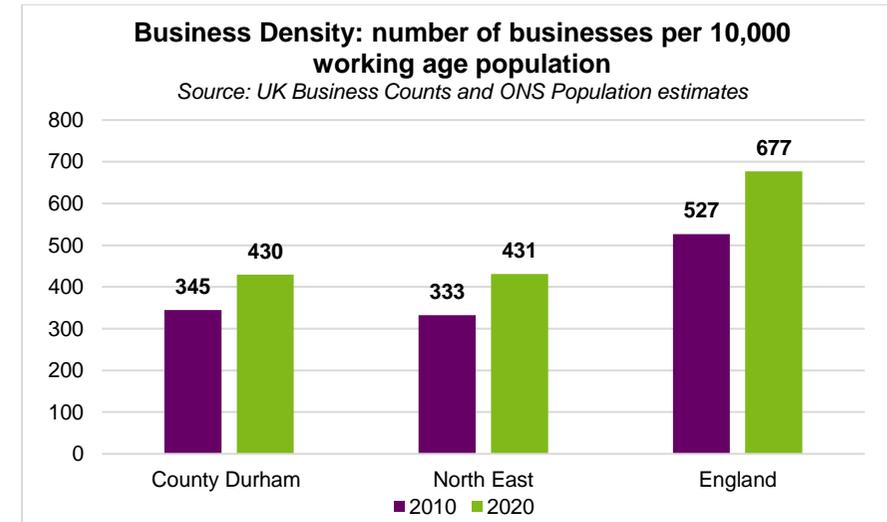
5.1 This section of the report provides an overview of the business environment in County Durham, including the business base and key businesses and innovation performance and assets. The business environment and the ability to attract and cultivate successful businesses as well as the level of innovation is a key to the success of a local economy, supporting growth and development, higher wages, and productivity.

The Business Base

5.2 As of 2020, there were around 14,105 businesses within County Durham, accounting for 20% of businesses within the North East, in line with its share of population. Since 2010, the business base has grown by 2,660 businesses; an uplift of 23.2%, compared to 27.9% across the North East and 33% nationally. The strongest gains have been recorded in the period since 2014. If County Durham had matched the national growth rate, it would now be home to 15,220 businesses, 1,115 more than the latest statistics show.



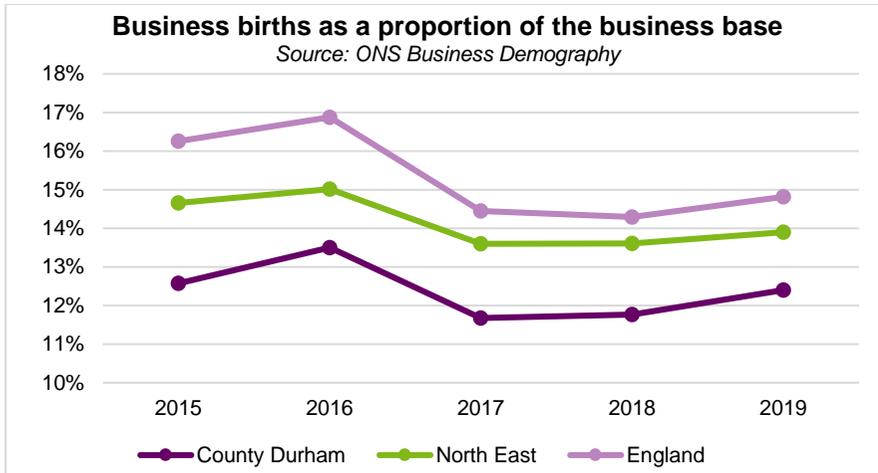
5.3 Business density provides a measure of the size of the business base relative to the working age population. The business density in County Durham has grown between 2010 and 2020, from around 345 businesses per 10,000 working age residents to 430, roughly equal to the North East average, although it remains significantly below the national average (677). The rate of growth (24.6%) recorded over the period also remains below that recorded regionally (29.6%) and nationally (28.4%). County Durham would need an additional 8,126 businesses (58% of the existing business base) to achieve the England wide business density.



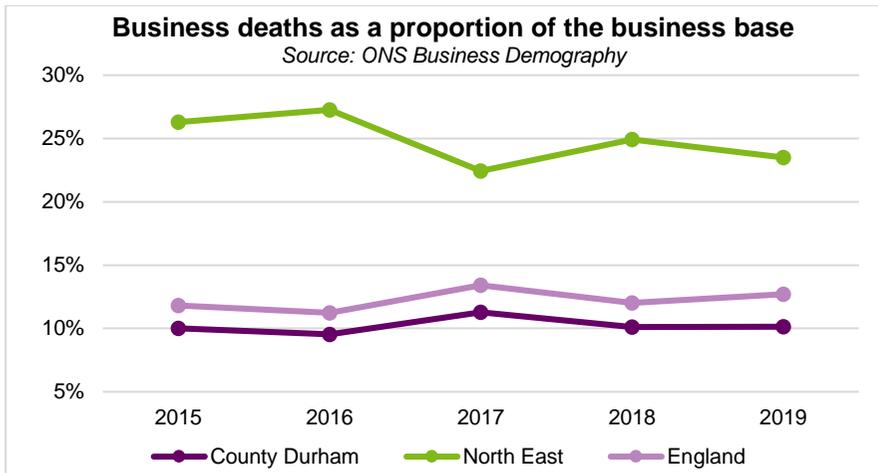
Business Start-Ups, Deaths and Survival Rates

5.4 In 2019, 1,710 new businesses were created in County Durham, accounting for 17% of start-ups in the North East that year and 6% of the total business base. In recent years, County Durham's business birth rate has remained consistently below the regional and national averages, as a percentage of the business base, although at 12.4% the numbers are substantial.

5.5 Intelligence shared by Durham County Council suggests that in 2020 the top four industries for start-ups were construction, real estate, professional services & support activities, and wholesale & retail trade. Sole traders accounted for over half (52.1%) of start-ups, limited companies accounted for 46.1% and other for profit start-ups 2.8%.

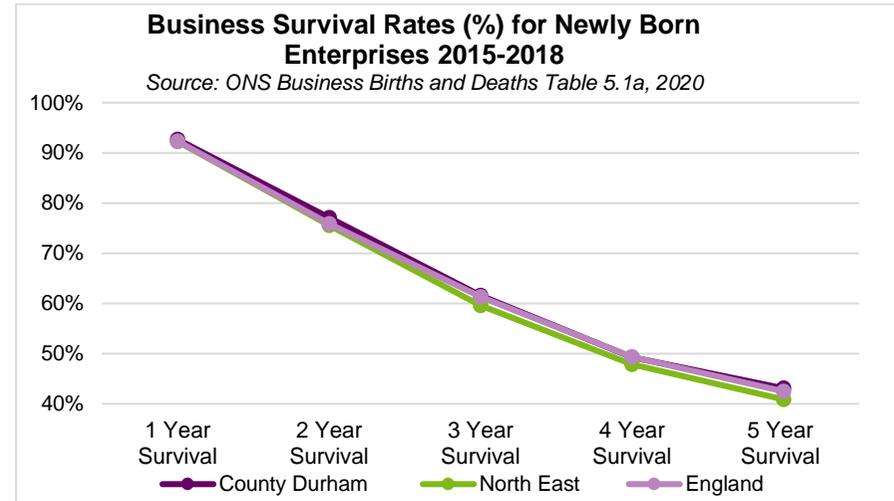


5.6 Considering business deaths as a proportion of the total business base, County Durham performs well, although this may be indicative of fewer business births as a share of the business base. On average, 10% of businesses have ceased per annum over the last five years, which is considerably lower than the regional attrition rate (which has consistently been more than double the rate recorded in County Durham) and consistently below the national rate (which has fluctuated between 10% and 13%).



5.7 Data from the ONS details the business survival rates for enterprises created in 2014. In the first year, a similar proportion of enterprises, more than 9 in 10, survived in County

Durham, the region and nationally. Overall, in the subsequent five years, 43.1% of businesses in County Durham survived, exceeding the rate recorded across the North East and similar to the proportion in England as a whole.



Businesses by Employment and Turnover

5.8 The majority of businesses in County Durham are micro businesses employing fewer than 10 people (88.1%). This is slightly above the average proportion for micro businesses for the North East (87.6%) and below the proportion for England (89.7%). In 2020, there were 40 large organisations in County Durham employing over 250 people representing 0.3% of total businesses, a proportion marginally below the regional and national averages. Almost 300 businesses in the county employ 50 or more staff.

Business Size, 2020				
	County Durham		North East	England
	No.	%	%	%
Micro (0 to 9)	12,425	88.1	87.6	89.7
Small (10 to 49)	1,385	9.8	10.1	8.4
Medium-sized (50 to 249)	255	1.8	1.8	1.5
Large (250+)	40	0.3	0.5	0.4
Total	14,105			

Source: Business Counts 2020

5.9 Businesses by turnover data shows that County Durham's business base broadly mirrors regional and national trends. Reflecting the focus on micro businesses highlighted above, the majority of businesses in the county (84.3%) have a turnover of less than £0.5m per annum. In contrast, there are over 1,230 businesses with a turnover over £1m, equating to 8.7% of the business base, compared to 9.5% nationally.

Businesses by Turnover, 2020				
	County Durham		North East	England
	No.	%	%	%
>£100K	5,085	36.0	36.1	37.3
£100K to £499K	6,815	48.3	47.6	45.8
£500K to £999K	980	6.9	7.3	7.4
£1m to >£5m	930	6.6	6.7	7.1
£5m to >£10m	145	1.0	1.0	1.1
£10m+	155	1.1	1.3	1.3

Source: UK Business Counts 2020

Businesses by Sector

5.10 The business base by industry shows that, unlike the share of employment, construction makes up the largest proportion of businesses (14.7%), followed by professional, scientific & technical; (12.2%) and agriculture (9.7%).

5.11 Sectors in agriculture and accommodation have larger than typical shares of the business base in County Durham when compared to the national picture, whilst the number of information and communications firms is below average.

5.12 County Durham's largest employment sectors of manufacturing and health account for relatively small numbers of businesses, suggesting a focus on medium and large employers for employment in the sectors.

Businesses by Sector, 2020		
	County Durham	
	No.	%
Wholesale & retail trade	2,120	15.0%
Construction	2,075	14.7%
Professional, scientific & technical	1,720	12.2%
Agriculture, forestry & fishing	1,375	9.7%
Accommodation & food services	1,225	8.7%
Administrative & support services	965	6.8%
Manufacturing	880	6.2%
Transportation & storage	740	5.2%
Other service activities	685	4.9%
Human health & social work	510	3.6%
Information & communication	470	3.3%
Real estate activities	365	2.6%
Arts, entertainment & recreation	335	2.4%
Education	240	1.7%
Financial & insurance activities	190	1.3%
Public administration & defence	85	0.6%
Water supply; sewerage, waste management & remediation	60	0.4%
Electricity, gas, steam & air conditioning supply	40	0.3%
Mining & quarrying	20	0.1%
Total	14,105	

Source: UK Business Counts 2020

Innovation

5.13 Innovation is a key driver of economic growth. Increasing the level of innovation and the uptake of new ideas gives businesses a competitive edge and can lead to productivity improvements. The UK's Industrial Strategy also highlights the importance of innovation to economic growth and development, bringing benefits across the economy as a whole.

5.14 The Innovation Readiness Report prepared by Oxford Economics (2019), suggests that County Durham already has an established reputation for innovation and a specialism in R&D intensive sectors compared to the remainder of the North East. In 2016, R&D expenditure was estimated at £100m in County Durham, of which 45% was contributed by the higher education sector (reflecting the presence of research-led Durham University). The report forecasts that R&D spend will increase by 7% between 2017 and 2025 reaching £123 million by 2025. The research suggests that if the level of innovation was to match Cambridge and Oxford there would be £283 million in additional R&D spend and 16,000 additional jobs in innovation-orientated sectors by 2025.

5.15 The UK Government's Industrial Strategy has a target to raise investment on R&D to 2.4% of gross domestic product (GDP) by 2027. In 2018, R&D expenditure in the North East (region) was £780 million, 1.2% of GDP, below the national rate 1.8% and the Industrial Strategy 2027 target. R&D expenditure in the North East accounts for 2.4% of total English expenditure on R&D, including £443 million of R&D undertaken by businesses (1.9% of the national total) and £250 million by Higher Education Institutions (3.5% of the England total).

5.16 Reflecting the region's focus of R&D expenditure within the Higher Education sector, the R&D spend per employee was just £722 in the North East region in 2018. This is the second lowest amount of investment per job in the English regions after Yorkshire and the Humber with £661. The average investment per job in England stood at £1225. To equal this, the North East would need to attract an additional £545m of R&D investment per annum.

5.17 Limited R&D investment across the business base is impacting on performance. Within the Benchmarking Local Innovation Report (2019), the North East LEP ranks 28th out of 39 local enterprise partnership areas for the number of firms undertaking R&D with less than a fifth (19.3%) of firms undertaking this activity. In comparison, Oxfordshire is ranked number 1 with 40% of firms undertaking research and development.

Knowledge Intensive Industries

5.18 Knowledge intensive industries, which include High tech and Medium-High Technology Manufacturing and Knowledge-intensive Services as defined by Eurostat, are based on industries' use of technology, R&D intensity and the level of workforce skills and therefore provide one assessment of the level of innovation in an area. Within County Durham, 91,000 people are employed in knowledge intensive industries – almost half of total employment (49.7%), marginally below the national level (50.9%).

5.19 Knowledge-intensive service sectors are underrepresented in employment terms, accounting for 43.4% of employment compared to 48.4% nationally. If knowledge intensive services constituted the same proportion of jobs in County Durham as across the country, there would be an additional 9,000 jobs in knowledge intensive services.

5.20 In contrast, County Durham has recognised strengths in high or medium-high technology manufacturing, which account for 11,500 of jobs in knowledge intensive industries equating to 6.3% of total employment, the second highest concentration in the North East and notably above the England average of 2.5%, reflecting clusters of activity, including the manufacture of transport equipment such as at the Hitachi Rail plant in County Durham.

High / Medium-high Tech Manufacturing Share of Total Employment, 2019			
	High-technology Manufacturing	Medium-high-technology Manufacturing	High and Med-high-tech
County Durham	1.3%	5.0%	6.3%
North East	0.5%	2.1%	2.5%
England	0.5%	3.7%	4.2%

Source: BRES

*High/Medium-High Tech Manufacturing and Knowledge Intensive Services, Eurostat

5.21 Oxford Economics predicts the GVA for high technology and knowledge-intensive sectors will grow by 5% by 2025, driven by productivity improvements which will help to boost wages in these sectors and make County Durham more attractive to skilled individuals, as well as contributing to overall economic performance.

Assets

5.22 Two key innovation assets and locations in the County are the University and the North East Technology Park (NETPark).

5.23 The prestigious Durham University is a key anchor institution for the County. Attended by over 19,000 students and employing 1,720 academic staff and 2,640 support staff, Durham University is a leading UK centre of excellence in higher education that forms part of the Russell Group of research-intensive universities.

5.24 The National Industrial Strategy recognises the key role for universities as suppliers of highly skilled graduates, drivers of innovation and enterprise and as significant local economic entities in themselves. The university is ranked in the top 40 universities worldwide for employer reputation, 98% of Durham graduates were in work or further study three and a half years after graduation.⁴

5.25 The university has world-class expertise in science, engineering and technology, social science, the arts and humanities. Around a third of all students are enrolled in STEM related subjects. For teaching, it is ranked first in the UK for Music, second for English and

⁴ DLHE 2016/17

Chemistry and third for Forensic Science and Archaeology. In the QS World rankings by subject, Theology and Religion, Archaeology and Geography at Durham University are in the world top 10.

5.26 Research performance is also strong. Durham University ranked within the top 20 universities in the UK for research quality in 2021 and the university's Research Excellence Framework (REF) results for 2014 found that 83% of research was "internationally excellent" or "world leading". The University has a number of research institutes including the Wolfson Research Institute, that facilitates research in medicine, health and well-being.

5.27 The 2019 Oxford Economics Innovation Readiness Report suggests the university underperforms in regards to spin-off/ start-up activity potentially reflecting an absence of a collaborative network surrounding the university. This presents an opportunity for development, allowing the County Durham economy to gain further benefits from the activities of the university.

5.28 NETPark, a leading science, engineering, and technology park, is another key asset which facilitates and encourages collaboration supporting businesses to innovate and grow. It is the only science park in the UK to have two Catapult Centres, as well as three national innovation centres for Healthcare Photonics, Formulation and Printable Electronics. The co-location of the facilities and businesses helps to foster collaboration and innovation.

Summary

5.29 County Durham has a large business base, with around 2,300 more companies than in 2014. There is a large pool of small companies, 1,385 in total employing between 10 and 49 people, and some 295 companies employing between 50 and 249 people. The employment profile is reflected in the business turnover figures with some 145 companies with a turnover of between £5m and £10m and a further 155 with a turnover in excess of £10m.

5.30 While the business base by industry shows that construction makes up the largest proportion of businesses followed by professional, scientific & technical; the County has a very

large number of manufacturing companies, 880 in total and 740 in transport and distribution. The County also has a significant number of businesses in key service sectors with considerable growth potential. This includes some 470 businesses working in ICT and 190 in financial and insurance services, although the data suggests employment numbers and productivity are low. Further investigation of this position could help to develop these two sectors which have very positive growth prospects.

5.31 In a typical year, some 1,700 new starts are established in County Durham and while the start-up rate is below the North East average, the survival rate is much better, with a significant proportion still trading after five years of operation. County Durham should seek to increase the new starts rate to consistently match the wider North East figure.

5.32 The Durham economy benefits from many established and substantive businesses. Within this pool there are likely to be a substantive number with growth plans and the potential for expansion over the coming years. Developing plans to assist these companies, particularly in growth and high productivity sectors, should be a high priority for business support, skills and innovation funding.

5.33 County Durham has recognised strengths in high and medium high-tech manufacturing, with a relatively high concentration of employment. However, knowledge-intensive services are underrepresented in the county – presenting an area for potential growth. While the County benefits from a number of important assets, including the university, improving the skills level of the workforce is key to driving growth in innovation and productivity, with a highly skilled local labour force attracting more innovative businesses which then attract more highly skilled people to the area.

6 Education, Training and Skills

Introduction

6.1 The education and skills system plays a key role in ensuring County Durham’s young people have the skills and abilities that they will need to thrive in the labour market, and ensuring employers can access the workforce they need – across all age groups and career stages – to compete. Improving skills levels can drive growth, productivity, and the earnings potential of an economy as well as supporting individuals to respond to changing employer requirements. This section considers the current skills profile of the population and alignment with evolving skills needs within the economy.

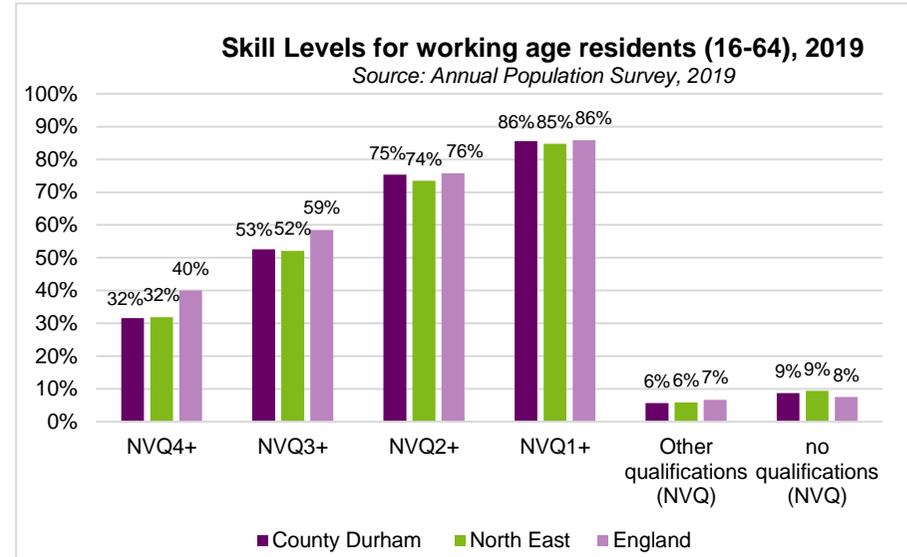
Skills and Training

6.2 The proportion of the working age population in County Durham skilled to Level 2 and above (75.3%) is broadly in line with the national population (75.7%) and higher than that of the North East (73.5%). Greater variations are evident at both the high and low skilled end of the spectrum. Data shows that:

- At 31.6%, the proportion of the population with a degree or a higher degree (Level 4+) in County Durham is considerably below the national average (40.0%), and marginally below the North East average (31.9%).
- At the other end of the skills spectrum, 8.7% of working age residents have no qualifications, above the national proportion 7.5% but below the regional level 9.4%.

6.3 People with no formal qualifications are likely to find it increasingly difficult to find permanent, secure jobs paying above the minimum wage, as the structure of employment and employer demands change. With a significant proportion of the County’s workforce in occupations at Levels 2/3, across both office based and industrial sectors, where jobs will be lost due to digitisation and automation, there is also likely to be a persistent demand for updating and refreshing skills to support people to move into new employment.

6.4 Overall, while the skills profile presents a broadly positive picture, these figures reveal that skills in County Durham are concentrated towards the lower end of the scale than nationally. Given changing skills requirements, a need for ongoing upskilling and re-skilling is anticipated to impact on all sections of the workforce over time. Supporting people of all ages to continue to enhance their skills will be important to facilitating access to and progression in employment, as well as supporting productivity gains across the economy.



6.5 Within County Durham 56% of businesses offer on and off the job training, exceeding the national rate of 50%. 100% of companies within County Durham offer any form of training, this is comparable to the national rate.

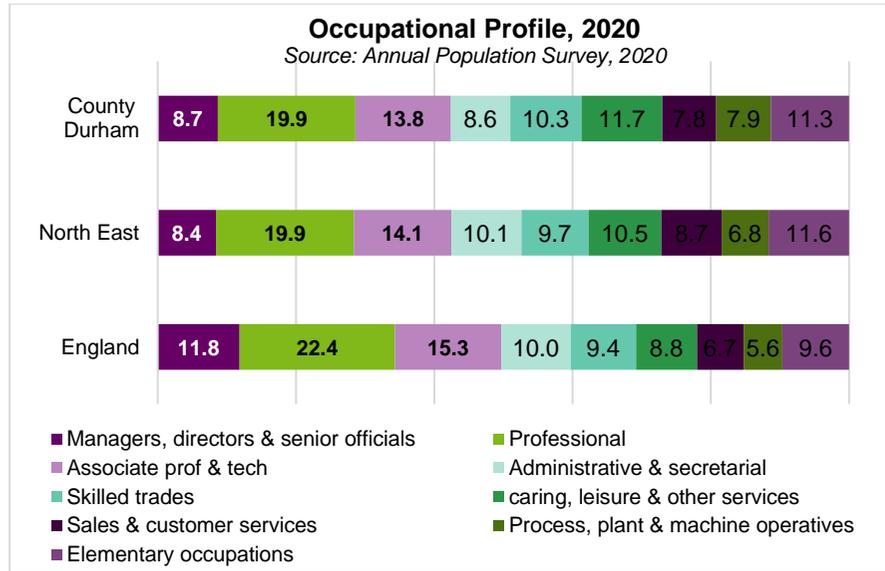
6.6 During 2018/2019, there were 3,060 apprenticeship starts in County Durham, 22% of the North East total. Just over 30% were intermediate apprenticeships, 43% were advanced and 24% were higher apprenticeships. Apprenticeship starts are broadly in line with the main employment sectors with the highest numbers recorded in business, administration and law; health, public services and care for the health and social work sector; and engineering and manufacturing technologies for the advanced manufacturing sector.

Occupation

6.7 As of 2020, professional occupations (19.9%) account for the largest share of the working age population in County Durham, followed by associate professional and technical occupations (13.8%) and caring, leisure and other service occupations (11.7%). The occupational profile is aligned to the North East, but the comparison to the national picture reveals some disparities.

6.8 Locally there is a larger share of the workforce working in lower skilled occupations for example: 11.7% in caring & leisure roles compared to 8.8% nationally; 11.3% in elementary

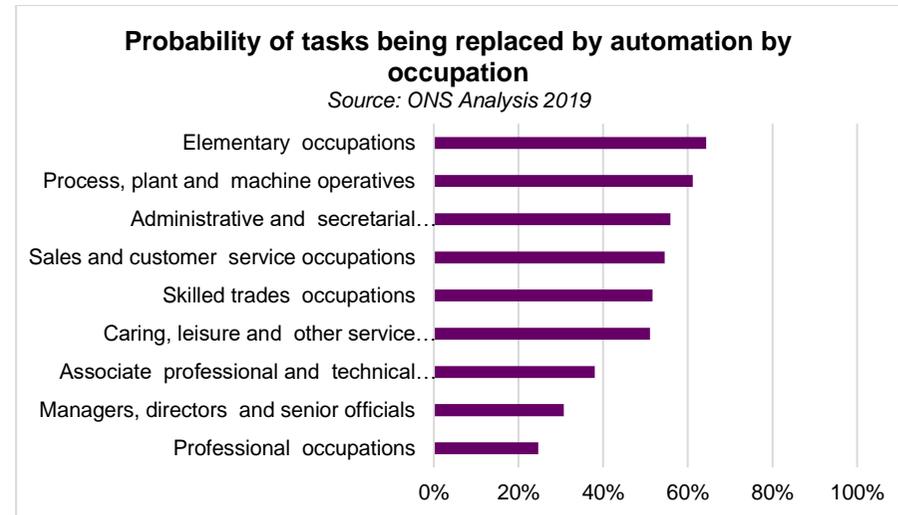
occupations compared to 9.6% nationally; and 7.9% are plant & machine operatives compared to just 5.6% nationally. This is indicative of the County's large industrial employment base. In addition, only 8.7% of the workforce are in managerial and senior roles compared to 11.8% nationally.



6.9 ONS Analysis from 2019⁵ looked at the occupations most at risk of some tasks being replaced through automation, which found lower skilled jobs were most at risk. The analysis suggested 1.5 million jobs in England are at risk of being partially automated in the future, with women, young people, and those in part time work are most likely to work in jobs which are at high risk of automation – 70% of the roles at high risk of automation are held by women, and those aged 20-24 are most at risk.

6.10 Elementary roles and process, plant and machine operatives on average are most at risk of automation, while managerial and professional occupations are least at risk. The three occupations with the highest probability of automation are waiters and waitresses, shelf fillers and elementary sales occupations, while medical practitioners, higher education teaching professionals, and senior professionals of educational establishment are at the lowest risk of automation.

⁵ ONS (2019) *Which occupations are at highest risk of being automated?*
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployee/types/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25>



6.11 Applying these probabilities to County Durham's occupational profile, suggests around 45% of jobs are at high risk of being automated, the same proportion as across the North East but above the national proportion (43%).

Skill Shortages

6.12 The UK Employer Skills Survey provides a comprehensive source of information on employer skills needs. In 2019, it found that 15% of employers in County Durham reported a skills gap compared with 13% in the North East and 13% nationally. Skills gaps of 3% are recorded in elementary occupations, skilled trades, and administrative and clerical staff, this is in line with national skills gaps reported for these occupations.

6.13 County Durham employers reported a lower proportion of hard to fill and skill shortage vacancies than the North East and national averages in labour intensive to middle-skilled occupations. However, 66% of hard to fill vacancies are due to a shortage of skills, compared to 67% nationally.

6.14 As noted earlier in the report, there is also the risk of significant skill losses as the population ages and people move into retirement, particularly in manufacturing industries. There is a need to ensure targeted upskilling on the workforce including younger generations to combat this challenge.

Young People not in Education, Employment or Training (NEET)⁶

6.15 A young person who is not in education, employment, or training is classed as 'NEET'. There is strong evidence that being NEET can have a long-lasting, negative impact on people's labour market prospects, in terms of likelihood of experiencing future spells of unemployment and low earning levels, as well as on confidence and mental health.

NEETs (2020)			
	County Durham	North East	England
% age 16/17 NEET	4.9	5.9	5.5
% female age 16/17 NEET	4.3	5.2	4.7
% male age 16/17 NEET	5.5	6.6	6.2
% age 16 NEET	3.7	3.9	3.5
% age 17 NEET	6.1	7.9	7.5

Source: NEET and participation: local authority figures

6.16 County Durham performs well in terms of young people not in education, employment or training against the regional and national rates. Whilst the percentage of 16 year old NEETS at 3.7% is higher than the national rate of 3.5%, it is lower than the regional rate of 3.9%, and the percentage of 17 year old NEETs at 6.1% is lower than the regional rate of 7.9% and the national rate of 7.5%.

Education

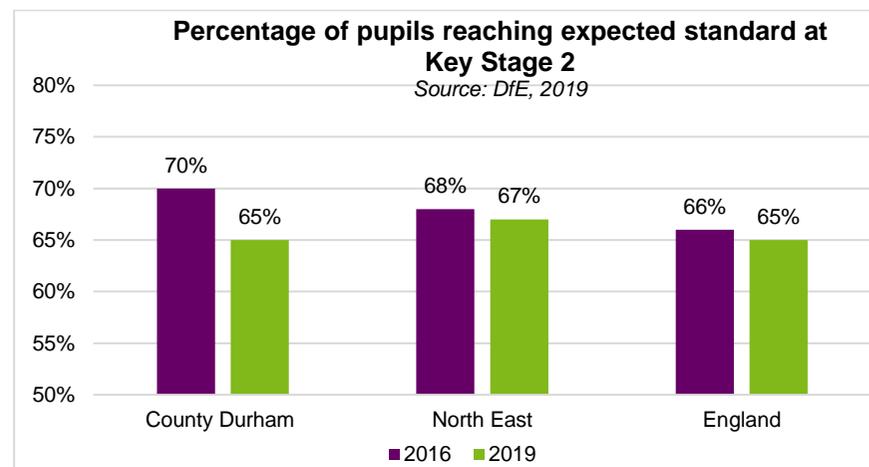
6.17 The Department for Education implemented Attainment 8 and Progress 8 measures in 2017, creating a new secondary school accountability system. Attainment 8 measures the average achievement of pupils in up to 8 qualifications including English and maths. Progress 8 aims to capture the progress a pupil makes from the end of Key Stage 2 to the end of Key Stage 4. It compares pupils' achievement – their Attainment 8 score – with the average Attainment 8 score of all pupils nationally who had a similar starting point (or 'prior attainment'), calculated using assessment results from the end of primary school.

6.18 Data from the Department for Education reveals County Durham's educational attainment is above the national average. Although between the academic years of 2017/18 and 2018/19 the average Attainment 8 score remained the same in County Durham, the Progress 8 score in the academic year 2018/19 reveals an improving position for County Durham. Despite this, the Progress 8 scores reveal that students continue to report poorer progress between the end of Key Stage 2 and Key Stage 4 compared to the national average.

Secondary Attainment, 2017/18 -2018/19			
Average Attainment 8 Score per pupil			
	2017/2018	2018/2019	change
County Durham	45	45	0
England	44.5	44.7	+0.2
Average Progress 8 Score per pupil			
	2017/2018	2018/2019	change
County Durham	-0.23	-0.2	+0.03
England	-0.02	-0.03	-0.01

Source: DfE, GCSEs Key Stage 4 Statistics, 2017/18 -2018/19

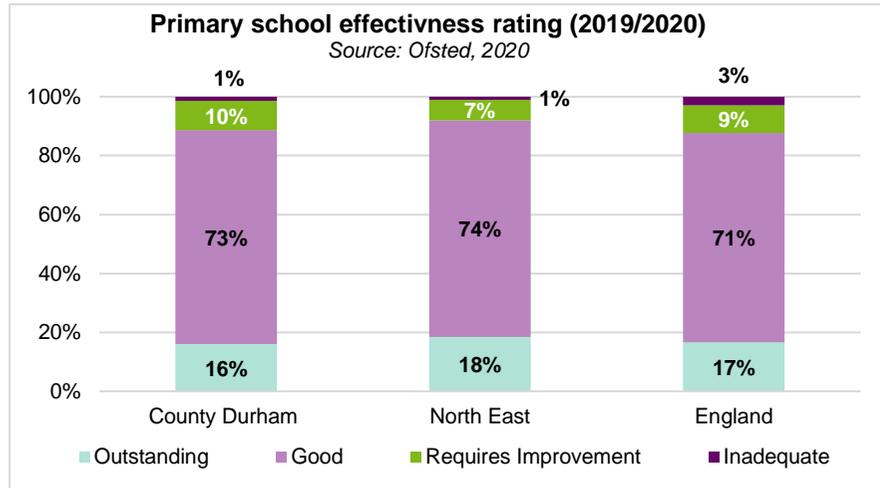
6.19 In 2019, 65% of Key Stage 2 pupils were meeting the expected standard in County Durham for reading, writing and mathematics, equal to the national share but below the regional average of 67%. This marks a deterioration in performance locally since 2016, when that rate was at 70%. Although all areas considered have reported a deterioration in performance across the period, the reduction has been most significant in County Durham which previously performed ahead of the comparator areas.



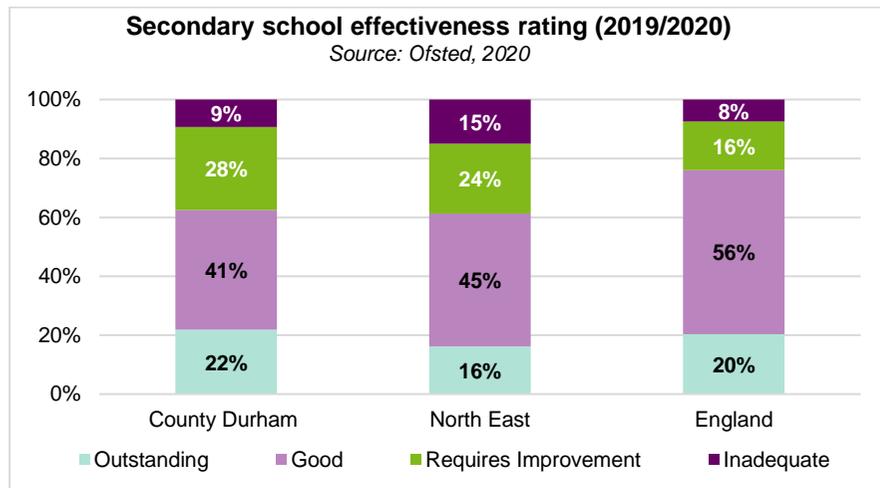
6.20 Ofsted scores for 2019/2020 reveal that the majority of County Durham's primary schools are either outstanding or good (89%), comparable to 88% nationally. However, a smaller proportion of County Durham's primary schools are outstanding (16%) compared to 18% in North East and 17% nationally. One in ten primary schools in the county require

⁶ <https://www.gov.uk/government/publications/neet-and-participation-local-authority-figures>

improvement – a proportion that exceeds the rate in comparator areas - although just 1% of primary schools are inadequate compared to 3% nationally.



6.21 In comparison, Ofsted results for secondary schools reveal that a larger proportion of County Durham’s secondary schools are outstanding (22%) than the North East average (16%) and a slightly higher proportion than nationally (20%). However, a higher proportion of schools require improvement or are inadequate, 38% in County Durham compared to 24% nationally.



6.22 Outstanding primary schools and high performing secondary schools are an important feature in persuading families with school age children to move into and remain in the County, potentially reducing in-commuting and attracting high skilled staff to take up employment opportunities.

6.23 Schools in County Durham continue to improve attainment at all levels and provide older pupils with better information, advice and guidance to make the transition to further education or employment.

Future Skills

6.24 It is widely recognised that skills requirements are changing across the economy and that there is a need for the workforce to be adaptable. For example, digitisation will have a significant impact upon employment and skills at all levels across all sectors and demand for higher level skills is increasing.

6.25 The UK Commission for Employment and Skills The Future of Work Jobs and Skills in 2030 report suggests there is likely to be a further polarisation of the labour market, with a shift towards higher skilled occupations and ‘a shrinking middle’ as increasing number of jobs which traditionally occupy middle skill levels and earnings range become redundant due to technological advance and globalisation. The highly skilled minority will have strong bargaining power while low skilled workers will be forced to work more flexibly increasing inequality. However, the report suggests new types of jobs will emerge to fill the middle ground, this means there will need to be a focus on ensuring people are retrained and reskilled and supported to moving into new roles to avoid rising unemployment levels as jobs become redundant.

6.26 The biggest increase in jobs is projected for managers, professionals and associate professionals, driving the demand for scientific and technical skills. In terms of low skilled roles, caring, leisure and other service jobs are expected to grow, while mid-level skilled jobs in administration and production are expected to decline.

6.27 Nationally, the workforce is expected to become more highly skilled, with around 54% of people in employment qualified to Level 4 or above by 2024, reflecting demand and supply-side factors as educational participation levels are expected to remain strong, older and often less qualified people retire, and demand grows for higher qualified employees to fill increasing numbers of managerial and professional jobs. This will have significant implications for the workforce in County Durham, which is concentrated within mid-level skills.

6.28 The 2019 Oxford Economics Innovation Readiness report suggests in County Durham there will be a continued shift in occupational profile with the highest skill-based occupations expected to account for almost half of all net additional jobs in the period up until 2025.

Summary

6.29 The County Durham skills base reflects the structure of the economy, although the presence of major companies such as Hitachi Rail and GSK show that the County can provide a high skilled labour force to meet employer demand.

6.30 County Durham is well placed to provide the future workforce for a changing economy, with large numbers of young people regularly graduating from universities and its ability to attract staff from the wider North East.

6.31 The County has more of a challenge with regard to recruitment issues related to senior and experienced staff, an issue affecting a number of sectors and affecting the wider North East. Brexit is likely to make the UK a less attractive destination for international migration and could exacerbate these persistent problems.

6.32 A medium-term solution is the grow your own option and the County has an excellent record in apprenticeships, including higher level apprenticeships. The recruitment of apprenticeships should remain one of the most important priorities for the County given the evidence of the benefits to both the company and individual from investing in young people.

6.33 The occupational structure in County Durham shows much higher proportions employed in lower skilled occupations including in caring & leisure roles, elementary occupations and plant & machine operative roles and fewer working in more highly skilled occupations. Many routine jobs will be impacted by new technology.

6.34 County Durham has significant numbers in occupations which are at risk as digitisation, automation and robotics replaces jobs in both manufacturing and services. This often unseen but steady erosion of jobs will impact on efforts to increase employment and respond to the pandemic. Many of those affected will need to update their skills to take up new employment and the health sector, distribution and logistics are likely to be an important source of new jobs.

6.35 County Durham schools are underpinning improvements to the potential of pupils to move on to higher educated further education and employment. There is a small but significant group who do very poorly, with a serious and long term effect on their life prospects. Improving the educational performance of this group, who often are in challenging social settings, should be a major priority.

7 Housing and Communities

Introduction

7.1 This section looks at the housing and communities' elements of the County Durham economy, including housing provision and affordability, deprivation and health and the roles different areas of the County play in the economy.

7.2 Housing plays a vital role in supporting the growth of the area and is key to reversing the forecast decline in working age population and providing the workforce that will be required to support economic growth.

7.3 In addition, addressing deprivation is key to developing a more inclusive economy, and ensuring areas are not left behind but can contribute and benefit from growth. There is now a growing body of evidence which shows that increasing productivity and the number of jobs in an economy are not guaranteed to improve living standards. Addressing the challenges facing communities, including housing and neighbourhood conditions, is an important part of the inclusive growth agenda.

Households

7.4 As of 2019, there were an estimated 233,930 households in County Durham, 20% of households in the North East, with the average household size 2.2 people. ONS household forecasts reveal the number of households is expected to grow by 21,682 (9.3%) in County Durham by 2039. This rate of growth is marginally above the North East wide growth (8.8%) but below the national growth rate (17.0%).

Household Projections (in 000s)						
	2009	2019	2029	2039	2019-2039 Change	
					No.	%
Durham	220	234	246	256	22	9.3%
North East	1,123	1,182	1,241	1,286	105	8.8%
England	21,919	23,927	26,083	28,004	4,077	17.0%

Source: DCLG Live table 406, 2014 based

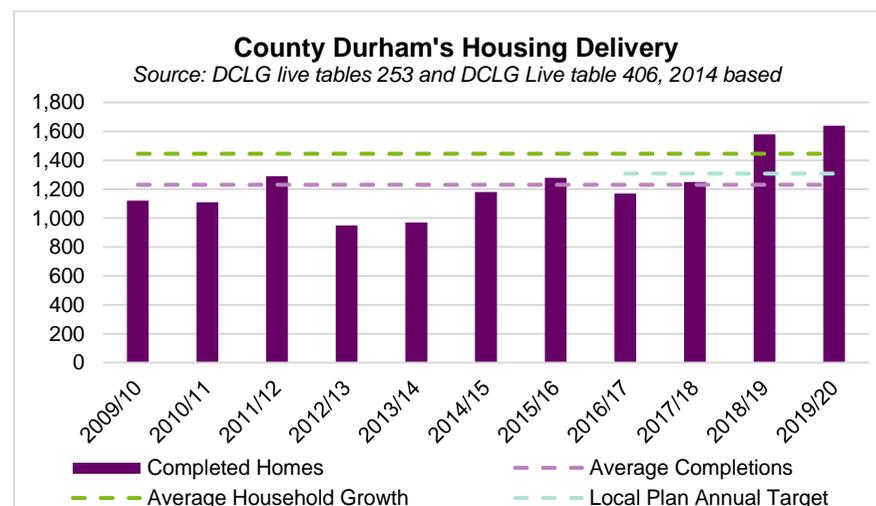
7.5 Housing plays a key role in economic development. Successful housing delivery is key to retaining and attracting people in the area. The anticipated household growth highlights the need to ensure there is a pipeline of housing delivery to meet growth. Delivering the right sort and scale of housing development can enhance economic performance and make places more attractive and competitive.

7.6 The housing market can also lead to concentrations of poverty, or act as a constraint on growth. The quality of housing is a key issue in some parts of the County with an ageing

housing stock. There is a need to renew and replace some housing to ensure it is fit for its residents, serving and uplifting communities, improving quality of life.

7.7 It is important that County Durham's housing market, and housing growth plans, support its wider economic growth ambitions. This includes ensuring there is a supply of family housing built in good locations in terms of employment, schools, services, in order to attract working age people to the area, including those who currently commute into the County to work, to help to counteract the anticipated decline in the working age population. In addition, as the County's population ages, ensuring there is suitable housing for the growing elderly population is also important, which in turn can help to release family homes for working households.

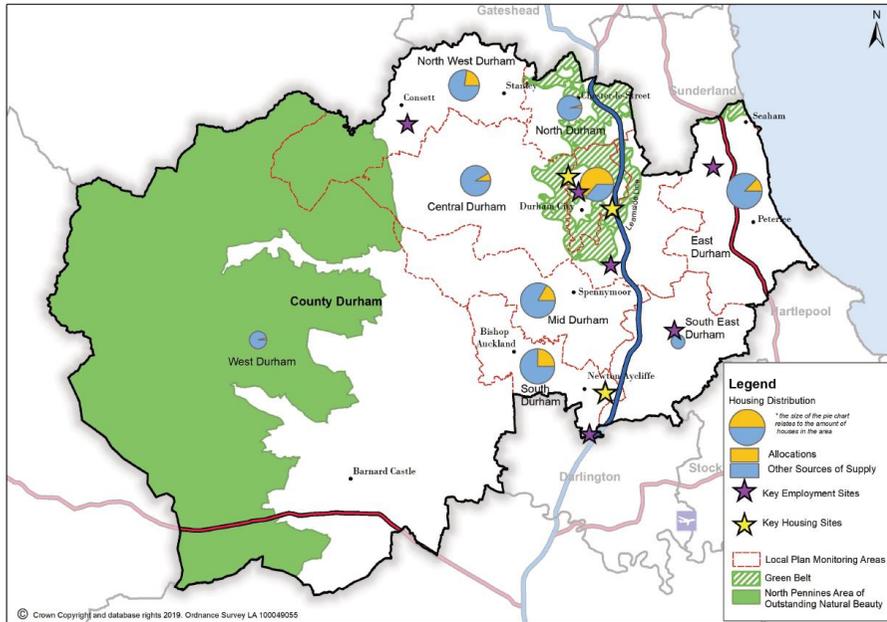
7.8 In the ten years between 2009/10 and 2019/20, an average of 1,231 new homes were completed each year, below the level of household growth over the same period. Data from the last two years shows an uplift in the number of homes completed, with 1,640 homes completed in addition to a further 1,440 homes started in 2019/20. This is above the Local Plan Annual Growth target of 1,308 between 2016-2035.



7.9 The Strategic Housing Land Availability Report 2019 finds there is capacity for 32,388 houses over 375 sites that are identified as potentially suitable for housing development, of which 234 sites are existing housing commitments, some of which are under construction. Within the 1-5 years delivery time frame there is potential capacity for 18,357 houses across the county and within the 6-15 years delivery time frame there is the potential capacity for a further 7,747 houses.

7.10 The Local Plan, adopted in 2020, reiterates the need to allocate housing close to jobs and services to ensure sustainable development by reducing the need to travel and ensuring that existing services are supported. The key housing allocations identified in the Local Plan match the employment growth locations and are concentrated within East Durham (20.9%), South Durham (16.4%) and Mid Durham (14.9%), which account for over half of the total allocations.

Local Plan Key Map



Source: Local Plan Adopted 2020

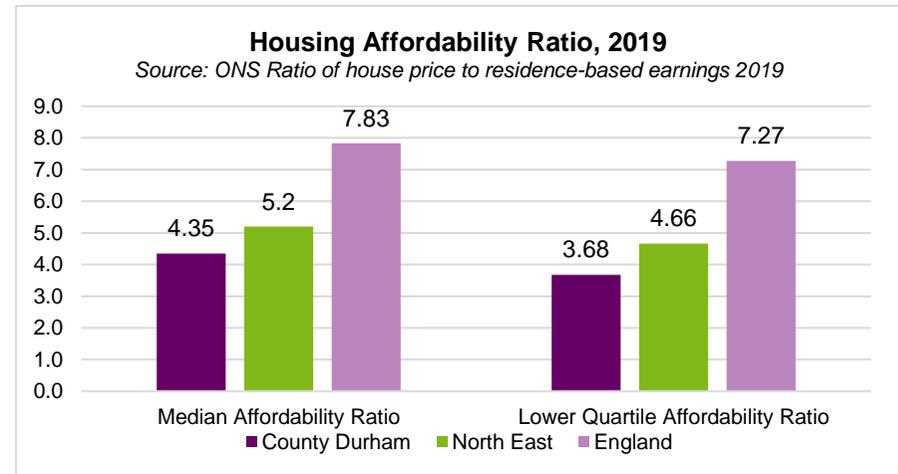
Housing Affordability

7.11 Housing affordability is a key strength across County Durham. A commonly used indicator of housing affordability is the ratio of the median house price to median annual earnings. As of 2019, the median house price was over four times the median annual salary with a ratio of 4.35, suggesting housing in County Durham is more affordable than the North East as a whole, which had a ratio of 5.20, and significantly more affordable than nationally (7.83).

7.12 This is primarily driven by lower median house prices, rather than lower incomes. The median house price in 2019 in County Durham was £120,000, the lowest across all North East local authorities, marginally below the North East average (£140,000) and significantly below the national figure (£240,000).

7.13 The median housing affordability ratio has fallen since the decade before, similar to the trend across the North East but contrary to the national trend.

7.14 Housing is also relatively affordable for lower earners in County Durham. The ratio of lower quartile house price to lower quartile gross annual earnings is the lowest reported across all North East local authorities, at 3.68 compared to a North East average of 4.66, and significantly below the national ratio of 7.27.



7.15 A 2018 independent Residential Market Assessment of County Durham found that the County Durham market is granular in nature with house prices fluctuating significantly across relatively short geographical distances.

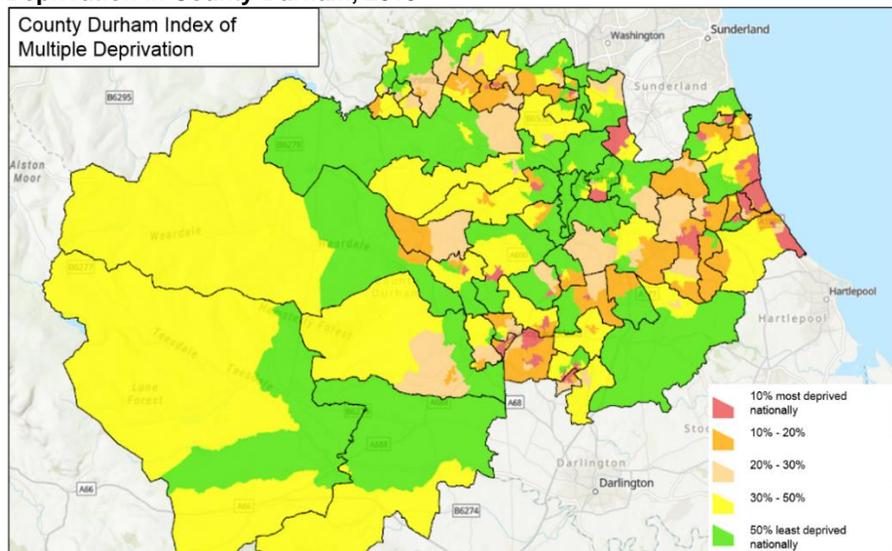
Deprivation

7.16 The Index of Multiple Deprivation (IMD) is the most used measure of deprivation. IMD covers the following seven domains: income deprivation; employment deprivation; health deprivation and disability; education skills and training deprivation; barriers to housing and services; living environment deprivation; and crime.

7.17 In 2019, County Durham was the 62nd most deprived local authority in the country (out of 317), down from 75th position in 2015, representing a deteriorating position. Lower level statistics show that 12% of LSOAs are in the 10% most deprived in England, compared to 20.1% across the North East as a whole, while exactly a third of LSOAs are in the most deprived 20% across the country. Within a northern context, particularly when compared to many of the northern cities, County Durham does not perform poorly by this measure of deprivation.

7.18 The figure overleaf shows there are hotspots of deprivation in the East of Durham and coastal towns of Seaham and Peterlee, Bishop Auckland and Newton Aycliffe in the South, Stanley in the North and parts of Durham City.

Deprivation in County Durham, 2019



Source: IMD 2019 and ekosgen mapping

7.19 There is a need to address longstanding pockets of deprivation which exist within certain localities. This includes communities disconnected to their housing and labour markets which has a negative impact on social mobility. As noted by the Joseph Rowntree Foundation, a paradox exists where despite particular neighbourhoods being located close to key employment sites, the residents continue to be underrepresented within their local labour market.

7.20 Key interventions include: action to ensure young people are able to gain the qualifications, skills and capabilities to take up training and employment opportunities; ensuring targeted support is in place for those with health issues, including mental health, to bring people back into training and employment; support for those who need multiple interventions before they are ready to take up training and employment opportunities. In addition, the physical regeneration of deprived and rundown areas will play an important part in raising aspirations and increasing community confidence.

7.21 Interventions which can help address these issues and foster inclusive growth are key to lifting areas out of poverty and supporting social mobility. Not all deprived areas face the same issues and barriers, and therefore policy approaches need to recognise diversity in areas.

7.22 County Durham performs relatively poorly in the health deprivation and disability and employment domains – ranked 32nd and 35th most deprived respectively – with around a quarter of LSOAs in the most 10% deprived for both domains. In contrast, County Durham performs particularly well in the barriers to housing and services domain and relatively well in terms of the education, skills and training domain.

Index of Multiple Deprivation, 2019		
Domain	Rank of Average Score	% of LSOAs in most deprived 10% nationally
Overall Index	62	12.0%
Income	49	12.7%
Employment	35	24.7%
Education, Skills and Training	109	9.3%
Health Deprivation and Disability	32	25.3%
Crime	78	14.5%
Barriers to Housing and Services	288	0.9%
Income Deprivation Affecting Children Index	45	16.7%
Income Deprivation Affecting Older People	68	4.9%

Source: IMD 2019

Health Inequalities

7.23 As the IMD data suggest County Durham performs poorly in measures of health. Relative to regional and national levels, County Durham has:

- A lower healthy life expectancy at birth, a measure of the average number of years a person would expect to live in good health, for both men and women⁷
- Higher mortality rates from causes considered preventable (across all ages)⁸
- A higher suicide rate and prevalence of mental health disorders (for those aged 16 and over)⁹

7.24 In addition compared to the national level County Durham has a higher prevalence of obesity in children (Year 6 aged).¹⁰ Closing these gaps could impact on economic performance as well as individual enjoyment of life.

7.25 Ill health is the cause of a larger share of those economically inactive than nationally, reducing the size of the labour force available to local employers, and suppressing household income levels.

⁷ Public Health England 2016-2018

⁸ Ibid.

⁹ Public Health England 2017-2019

¹⁰ Public Health England 2019/20

7.26 A Northern Health Science Alliance report, Health is Wealth, highlights the importance of health on productivity and how improving health outcomes can reduce the productivity disparities between the North and the rest of England. The report highlights how reducing ill health leads to higher employment levels, lower economic inactivity and higher GVA per head.

7.27 Educational attainment and employment are key predictors for health and wellbeing and vice versa with poor health and high levels of deprivation impacting on school attendance, educational attainment and productivity at work and sickness absence. It is therefore key to look at wider determinants of health, including income, educational attainment access to employment, in order to address long standing health inequalities.

7.28 Given the constraint poor population health has on economic growth, there is a need to prioritise interventions which tackle deprivation, as discussed above, which results in ill health, in addition to providing services that promote the health and wellbeing of the workforce and help people manage their long-term health conditions.

County Durham Geography

7.29 Durham has a diverse geography, with distinct areas having different roles to play in the local economy with different opportunities and aspirations for growth.

Durham City

7.30 Durham City lies at the heart of County Durham, economically, socially and culturally. Durham City is the main employment centre for the County, accounting for around a quarter of the County's employment, providing access to employment and education, health and retail services for communities across the County. The City offers strong public transport and rail links, with Durham railway station and bus station, providing access to large potential labour pools.

7.31 Durham City Centre is the County's main office location. The city centre and businesses parks within the town represent a distinct offer within the county. The Aykley Heads site forms a prominent, high profile, gateway site, within close proximity of Durham Railway Station.

7.32 Durham City is also a key draw for visitors. Home to Durham Cathedral and Castle World Heritage Site, the city was named as one of the best cities in the world to visit in 2020 by The Independent.¹¹

7.33 There has been significant investment in Durham City including the £30m redevelopment of The Riverwalk Shopping Centre including an improved retail offer, a multiplex cinema and associated leisure uses and new public realm opening up the riverside walkways. The £120m re-development of the former Milburngate House site to deliver mixed-use commercial, leisure and residential development will help to regenerate a historic part of the

city. Recently, New Durham City bus station was awarded a further £3.6m towards a total £10.4m cost to deliver a new bus station increasing footfall into the city centre.

Towns

7.34 County Durham's towns also play an important role in supporting its communities. There are several larger towns which play an important role in the County's economy including Barnard Castle, Chester-le-Street, Consett, Spennymoor, Peterlee, Stanley, Bishop Auckland, Newton Aycliffe, Seaham and Crook, all of which have a population over 6,000 and are key locations for employment, retail and local services.

7.35 An ambitious masterplan for **Bishop Auckland town centre** has been developed capitalising on significant investment at Auckland Castle, to reposition the town as a major tourist destination within the County. The recent Future High Streets Fund award of almost £20m will play an important role in supporting the programme of change.

7.36 There is a level of decline occurring within town centres in County Durham, similar to what is happening in town centres across the country, particularly in the North. Covid-19 has accelerated the decline caused by the rise of online shopping as well as out-of-centre retail parks.

7.37 Diversification of the offer will support the County's town centres to have a sustainable future, reducing the reliance on declining retail and introducing new uses including housing, health and leisure, entertainment, education, arts, business/office space.

Rural Communities

7.38 County Durham is a rural county with two in five residents living in rural areas. Rural areas can make a significant economic contribution, although dispersed populations and a lack of employment concentrations can at times mask their value. Many rural areas face challenges in providing a diverse range of employment opportunities, notably offering sufficient higher paid employment whilst retaining their working age population. Often there is a cycle of out-migration from rural areas of younger working age people as a result of a lack of local employment and progression opportunities.

7.39 A key objective of the Local Plan is to "*Support and improve the rural economy by encouraging diversification, retaining and enhancing key facilities, infrastructure and services while promoting appropriate new development in rural settlements.*"

7.40 It is important to ensure rural communities have a balance of ages and are supported to grow while respecting the landscape and natural assets, ensuring they are providing quality environments for people to live and visit. Public transport networks are of key importance to rural communities, connecting people to employment and services and allowing young people to access education.

¹¹ <https://www.independent.co.uk/travel/news-and-advice/city-breaks-2020-best-galway-marseille-sarajevo-jordan-a9239491.html>

Tourism and Cultural Assets

7.41 County Durham is the second most visited local authority in the North East after Newcastle by international visitors. It has seen significant growth in international visitors with an uplift of 76% over the past ten years compared to growth of 30% in Newcastle.

7.42 While the City of Durham is a major destination for UK and international visitors, the County has a strong tourism offer across the geography with an attractive coastline and countryside offer with the North Pennines Area of Outstanding Natural Beauty (AONB) incorporating much of the Durham Dales. There are approximately 70 regionally, nationally and internationally recognisable visitor attractions in the county.

7.43 According to data from VisitBritain, three of County's visitor attractions rank in the top five destinations in the North East. The most visited are Durham Cathedral (more than 619,000 visitors and worshippers in 2016) and Beamish Museum (797,203 paying visitors in 2017). Other attractions with significant visitor numbers include Hamsterley Forest, Hardwick Park, Locomotion (National Railway Museum at Shildon), Palace Green Library, The Oriental Museum, the World Heritage Site Visitor Centre, The Bowes Museum, Bowlees Visitor Centre, Auckland Castle, Raby Castle, Durham Castle, Diggerland, Crook Hall & Gardens, Barnard Castle, The Botanic Gardens and the Durham County Cricket Club.

7.44 In addition, the county boasts a number of historic townscapes as well as local and national walking, cycling and riding routes which link beyond County Durham's borders. The county hosts major events which attract large visitor numbers such as Lumiere Durham and the Durham Brass Festival. A major new attraction at Eleven Arches, Bishop Auckland has recently added to the county's tourism offer, linking to the wider art and heritage based tourism opportunities being realised at Auckland Castle and Bishop Auckland Market Place.

7.45 There remains considerable scope to increase visitor numbers and length of stay. The main challenge is developing and promoting the variety and quality of the County offer, on a par with the high-profile North Yorkshire offer, with both a natural environment and heritage offer in many smaller towns.

7.46 Tourism and the leisure market have a role to play in regenerating many of the smaller town centres which have declined as consumers have moved to online shopping and major chains have closed shops in many smaller high streets.

Summary

7.47 Housing delivery has typically been below household growth in the past decade although in recent years there has been a notable uplift in the number of homes completed. It will be important to maintain high levels of housing completions, with the added bonus of providing local jobs in the construction industry. Housing delivery needs to balance meeting the needs of an ageing demographic as well as retaining and attracting a young and skilled workforce including through the provision of family housing in high demand locations.

7.48 As well as ensuring new good quality housing is delivered in the right locations to attract and retain working age population, there is an ageing housing stock and in some areas there is a need to renew and replace poor quality housing to ensure it is fit for residents and does not continue to lead to concentrations of poverty and deprivation. There is also a need to make the housing stock more energy efficient as a contribution to the low carbon agenda. This is likely to require Government support and could provide opportunities for local employment.

7.49 Housing affordability is a key strength of the county: the median housing affordability ratio in 2019 in County Durham stood at 4.35 compared with the national ratio of 7.83, driven by lower median house prices, rather than lower incomes. In IMD deprivation indicators, County Durham performs well in the Barriers to Housing and Services domain.

7.50 In a northern context, relatively speaking County Durham, does not perform poorly in regard to levels of multiple deprivation, ranking 62nd nationally. In the North East, it is the 5th least deprived out of the 12 local authorities. However, there remains pockets of deprivation in certain communities across the County in the East of Durham and coastal towns of Seaham and Peterlee, Bishop Auckland and Newton Aycliffe in the South, Stanley in the North and parts of Durham City.

7.51 County Durham performs relatively poorly in the health deprivation and disability and employment domains. There is a strong link between health inequalities and high rates of economic inactivity. Poor health is linked to low educational attainment, absence and poor productivity. Multiple deprivation has affected many communities for many years, and various targeted initiatives have been tried over the past 20 years. There is a need to develop new solutions to make more progress.

7.52 County Durham town centres are likely to face major challenges as retail declines and online shopping and home deliveries increase. The pandemic is likely to lead to further high street closures while initiatives to help, such as the Future High Streets Fund, provide limited support to a small number of towns. There may be some benefit from looking across the UK for examples of community and business led successful town centre regeneration, focusing on smaller towns.

7.53 The diverse geography with Durham City, attractive towns and its rural communities have important and differing roles to play in the County Durham economy.

7.54 County Durham is a predominantly County with two in five residents living in rural areas. Ensuring there are suitable employment opportunities and transport links to key employment locations can help to retain younger working residents within rural communities, supporting the area to grow. It is also important that new development is delivered in a way which protects the natural environment and landscape.

7.55 Durham City plays a central role, home to key employers, anchor institutions and key cultural and heritage assets. The city is a key tourist destination with Durham Cathedral and Durham Castle, within a UNESCO World Heritage Site. The Bishop Auckland tourist offer is further being strengthened. As lockdown and travel restrictions are eased, tourism will help to play a key role in supporting the economic recovery post-Covid.

8 Connectivity and Infrastructure

Introduction

8.1 The quality of the economic infrastructure is a key factor determining competitiveness and impacts on the productivity levels of local areas, as highlighted in the UK Industrial Strategy. Infrastructure helps to connect people and businesses to markets, increasing earning power, attracting inward investment and driving productivity.

8.2 Economic infrastructure covers a wide range of facilities and structures that an economy needs to operate successfully, including the transport network, broadband connectivity, and the availability and quality of employment land and commercial premises.

Transport

8.3 County Durham benefits from direct access to the A1(M), A19 and A66, connecting the County to the rest of the country. The A1 plays an important role in the economy, providing the North East access to Scotland and the South of England, while the A19 connects the East of the County to Tyne and Wear and Tees Valley and the A66 in the South of the County provides an East-West link. Significant investment over recent years has improved capacity on the A1(M) and A19, benefitting manufacturers and exporting firms.

8.4 There are three airports within one hour of County Durham, providing access to Europe and the rest of the World. County Durham also benefits from access to ports on the North East Coast including Teesport and Port of Tyne.

8.5 The rail network is key to the economy with regular direct fast links to Newcastle, Edinburgh, Glasgow, York, Manchester, Liverpool, London, the West Midlands and the South West. County Durham benefits from services on the East Coast Main Line (ECML) stopping in Durham City and Chester-le-Street linking Edinburgh and London, providing connectivity to key locations. In total, there are seven train stations across the County which had a total usage, defined by the number of entries and exits, of 3.4 million between April 2019 and March 2020. Durham Train Station, accounted for the majority of total station usage and was the second busiest train station in the North East, with 2.7m entries and exits. Between 2009/10 and 2019/20, total station usage in County Durham, increased by 0.8m (32.2%), indicating growing demand for train travel in the area.¹²

8.6 There are capacity issues on the ECML which could be partially relived by reinstating the Leamside Line, which would also support a more regular service between Durham City and Chester-le-Street and Newcastle and York, as well as allowing this part of the ECML to be HS2 ready and support the vision for the Northern Powerhouse Rail network.

8.7 The County benefits from a network of bus routes which connect residents throughout County Durham, Teesside and Tyne and Wear. Given the dispersed and ageing population and the 27% of households in County Durham who do not have access to a car¹³, the bus network is highly important, particularly within rural communities and the most used form of public transport in the county. There is an extensive network of services with around 175 services and over 3,000 stops.

8.8 The Local Plan references the potential for the Tyne and Wear Metro to reach County Durham in the longer term.

8.9 While much of East and mid Durham are well connected, transport connectivity in the rural parts of West Durham remains an area of concern. Given that County Durham is primarily a rural county it is important to address connectivity issues ensuring communities can access education and employment opportunities. Poor connectivity can also impact upon its attractiveness as a business location and place to invest.

Digital Connectivity

8.10 Good broadband coverage is an increasingly important economic asset, enabling businesses and residents to connect to the information economy, work remotely and benefit from electronic commerce and new ways of working. As of January 2021, superfast broadband (over 30Mbps) coverage is approaching 100% of premises (96.5%) in the County, marginally below the UK average (96.6%). However only 27.3% of premises have ultrafast broadband speed over 100Mbps, compared to 64.63% across the UK as a whole.¹⁴

8.11 Within rural parts of the County a lack of reliable broadband connection remains a key issue that acts as a constraint to the economy in these areas.

8.12 The Covid-19 pandemic and lockdown measures has significantly increased the importance of digital connectivity, with a drastic move to home working across many parts of the economy. 5G is now available in some parts of the County, around Durham City and the A19 corridor, although coverage lags behind Newcastle and parts of the Tees Valley.

Labour Mobility

8.13 Data from the 2011 Census show that 127,525 people (66%) of County Durham residents remained in the county for work while 65,161 residents (34%) worked elsewhere. The County Durham labour market is closely connected to the surrounding areas in the North East, with the majority of those commuting in and out of neighbouring local authorities. There were relatively insignificant amounts of commuter travel along the west boundary of the county,

¹² Office of Rail and Road

¹³ Census 2011

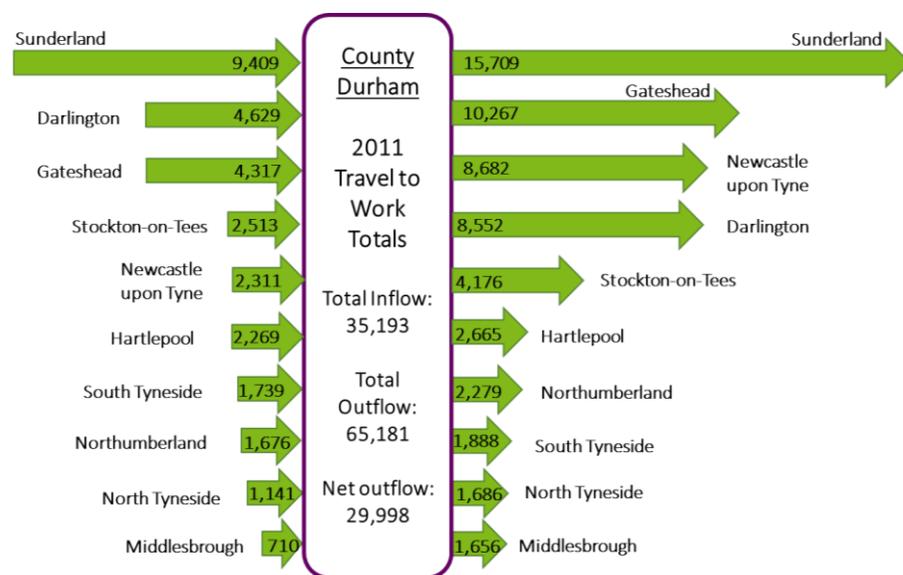
¹⁴ <https://labs.thinkbroadband.com/local/councils>

particularly towards Cumbria and south into Richmondshire, corresponding with the concentration of population in the east of the County.

8.14 Around nine in 10 of those commuting out of County Durham are going elsewhere in the North East (89%). The majority of those commuting out of the area work in neighbouring Sunderland and Gateshead, which accounts for 40% of those working outside of County Durham. The next most common workplace destinations for County Durham’s residents were Newcastle and Darlington, each accounting for 13% of commuters.

8.15 In 2011, 35,193 people commuted into County Durham for work. Residents in the neighbouring local authority of Sunderland accounted for the largest number of those commuting into the county (27%), followed by Darlington and Gateshead who together with Sunderland accounted for over half of all in-commuters.

County Durham Commuter Flows



Source: Census 2011

8.16 In 2011, County Durham was a net exporter of labour with a net outflow of almost 30,000. In 2017, data from Oxford Economics suggests this figure has risen to over 40,000. Out-commuting can be advantageous to support the economic success of the borough’s residents by offering the required scale and breadth of opportunities that contribute to the County’s higher residence-based than workplace-based earnings.

8.17 The net out-migration to work emphasises the importance of connections to other local authority areas to ensure residents have access to both the scale and variety of

employment opportunities they require and demonstrates the quality and employability of the resident labour force.

8.18 However, it does suggest County Durham is not as successful at being an attractive place to work as it is to live, with insufficient employment options available to retain its residents and/or attract those from outside, meaning there could be untapped potential for local labour to be utilised in higher wage and more productive uses if the opportunities were available in the County.

Employment Assets

8.19 **Durham City** is a key employment centre, with the largest office market, home to significant public sector occupiers, including the County Council, Passport Office, Land Registry, Northumbrian Water, Durham & Darlington PCT and Durham University as well as attracting private sector occupiers such as Atom Bank. However, the City is constrained by a lack of available sites which limits private sector investment.

8.20 The North East England Chamber of Commerce identified a lack of high-quality office space in and around Durham City as a constraint to growth in financial and professional services. Significant high quality office development at Aykley Heads, located within close proximity to Durham Train Station, will help to meet this gap and attract inward investment. In addition, Milburngate – the 450,000ft² mixed use development on the banks of the River Wear – will deliver significant office, leisure and retail space as well as new apartments.

8.21 **The A1 Corridor** (including sites around Durham City) is the County’s principal industrial location. It has a number of major employment locations including:

- Aycliffe Industrial Estate, Newton Aycliffe – A 400-acre industrial estate in the south of County Durham located close to the A1 with over 500 businesses and 10,000 employees, home to Hitachi Rail, Gestamp Tallent, 3M, Inovyn, Husqvarna among others. The arrival of Hitachi Rail has supported large scale job creation and helps to position Durham as a key location for inward investment in advanced manufacturing. There is potential for further expansion of the Estate.
- NETPark, Sedgefield – in South East Durham is one of the UK’s premier science, engineering and technology parks, home to several high-tech companies specialising in fields such as nanotechnology, X-Ray technology, forensics and semiconductor technology. NETPark has strong links with Durham University, with NETpark research institute housing part of the University’s Centre for Advanced Instrumentation. It is also home to two National Catapult Centres – The High Value Manufacturing Catapult, managed by CPI, and the North East Centre of Excellence for Satellite Applications, and three national innovation centres including National Formulations Centre, National Centre for Healthcare Photonics and National Centre for Printable Electronics. Plans for Phase Three will deliver a 26-acre expansion, supporting grow-on businesses wanting to expand and scale-up, and attracting further inward investment.

8.22 Other key employment sites on the A1 corridor include the Drum Industrial Estate, although the availability of land is very limited and Belmont Industrial Estate.

8.23 Within the A1 corridor, Phase 1 of Integra 61, Bowburn, has recently been completed. The £300m mixed use employment development will provide a total of three million ft² of industrial and logistics space, 300 new homes and 50,000ft² of roadside opportunities, including a family pub/restaurant, hotel, drive-thrus, trade counter units, car showrooms, a care home and a nursery. Amazon has located its second robotics fulfilment centre in the North East at the site, one of the largest distribution centres in the UK, creating around 1,000 jobs.

8.24 **The A19 Corridor** in the East of the County is also a key employment location. The A19 Corridor has experienced strong levels of development, as a result of its Enterprise Zone Status, however it is noted within the Employment Land Review that this has led to an oversupply of larger office space with limited demand in part due to lack of public transport hubs.

8.25 The A19 historically has been a key industrial location with estates such as Peterlee North West and South West. Peterlee is home to a number of major national and international manufacturers, including Caterpillar and TRW.

8.26 The JADE Business Park, Seaham, is located within a designated Enterprise Zone. Phase 1 has delivered 155,000ft² for distribution, technology and advanced manufacturing businesses. The Business Park is strategically located for businesses involved in the automotive construction supply chain, falling within the catchment area for Nissan supply chain companies. Phase 2 has the capacity to deliver a further 400,000ft².

8.27 **Bishop Auckland and surrounding areas**, in the South of the County to the west of the A1, has a more localised employment market, offering typically lower cost and lower quality office and industrial premises than found in Durham City and the A1 corridor. Bishop Auckland Town Centre is a key retail centre in the South and South Church Enterprise Park offers industrial space.

8.28 **Consett** and **Stanley** in the North of the County serve a more localised, self-contained market. Lack of connectivity to the strategic road network is often seen as a key barrier to locating in the area by larger prospective occupiers.

8.29 **Barnard Castle** is the main employment and service centre for the rural western area of the County. Harmire Enterprise Park and Stainton Grove are the two key employment locations. Barnard Castle contains a major industrial facility operated by GlaxoSmithKline (GSK) which has seen significant investment.

8.30 The Lichfield's Employment Land Review (2018) indicated that a large proportion of industrial space is no longer fit for purpose, contributing to high vacancy rates in certain size bandings including in locations such as Consett, Peterlee and Newton Aycliffe.

Summary

8.31 Transport and connectivity is linked to increased productivity and inward investment. The economy benefits from good connectivity within the County via the road, rail and bus

networks as well as being well-connected to elsewhere in the North East and further afield, with three airports within one hour drive and easy access to ports on the North East Coast including Teesport and Port of Tyne. The potential for the Tyne and Wear Metro to reach County Durham would further strengthen the public transport links.

8.32 County Durham benefits from a good strategic road network, which has supported corridors of growth along the A1 and A19, establishing them as key employment locations, helping to attract inward investment targeted at advanced manufacturing, logistics and distribution.

8.33 There is a need to continue to invest in transport infrastructure and developing robust business cases for agreed transport priorities should be a priority, along with more local improvements to take advantage of new funding.

8.34 Digital connectivity is increasingly important to the economy, while almost 100% of premises have access to superfast broadband (over 30Mbps) coverage, only 27.3% of premises have ultrafast broadband speed over 100Mbps. Improving broadband connections in rural areas can open up new opportunities for businesses and residents.

8.35 The key employment sites are concentrated within:

- Durham City – the key office market
- A1 Corridor – the key industrial location
- A19 Corridor – secondary industrial and office location

8.36 In addition, there are concentrations of employment in more localised markets around Bishop Auckland and Consett and Stanley. Barnard Castle, in the rural west of the county, also contains some large employment sites and employers including GSK.

8.37 Employment space in County Durham is dominated by industrial uses, accounting for 89% of all commercial floorspace, indicative of the large manufacturing base. The 2018 Employment Land Review suggests industrial space in some locations is no longer fit for purpose, contributing to high vacancy rates. Consideration should be given to strengthening two major locations for advanced manufacturing and logistics/distribution as part of a strategy to attract large scale inward investment.

8.38 While office space is underrepresented in Durham, within the North East it is the second biggest market for office space after Newcastle with Durham City being the key office location. However, there is an identified lack of quality office space in Durham City which acts as a constraint to the growth of finance and professional services, which are underrepresented in the county's economy. Development at Aykley Heads and Milburngate will help to meet this gap in the market. In contrast, there is a reported oversupply of office space in the East of the County leading to high vacancy rates.

8.39 There is a need to modernise a large part of the business stock, in terms of both industrial and office space, to ensure County Durham can continue to support its small and medium sized businesses to grow and attract inward investment.

9 The Impact of Covid-19 and Brexit

Introduction

9.1 County Durham and the UK as a whole are facing two key challenges – the Covid-19 pandemic and the UK’s departure from the European Union. The dual effects of Covid-19 and Brexit are likely to continue to have a significant impact upon County Durham’s economy in the short and medium run and is likely to result in an immediate increase in unemployment and more challenging conditions for many businesses in both the service and industrial economy.

9.2 Sectors most exposed to the impacts of Covid-19 are not the sectors most at risk to Brexit, although the at-risk Brexit sectors are the high value added parts of the County Durham and include a number of major employers. The at-risk Covid sectors are dependent on a robust rebound when lockdown restrictions end and are pre-dominantly enterprises that have been unable to trade over a 12 month period.

Brexit at risk sectors (Red = LQ 1 or above in County Durham)	Most affected Covid-19 sectors (Red = LQ 1 or above in County Durham)
Life Sciences	Accommodation & food services
High Value Manufacturing	Arts, Culture & Recreation
Chemicals	Construction
Logistics	Education
Food and Drink	Transport & Storage
Agriculture and Aquaculture	Retail & wholesale
Creative Industries	Other Services
Financial and Business Services	

Covid-19

9.3 The Covid-19 pandemic has caused a traumatic shock to the whole economy, with the impacts likely to continue to be borne out deepening many of the socio-economic challenges already being faced. Although various protection measures and home working have reduced the immediate impact on many sectors, there have been profound impacts on some sections of the economy.

North East Impacts

9.4 In May 2020 ICAEW published the expected regional Covid-19 impacts produced by Oxford Economics. The research suggested in terms of both output and employment, the North East is likely to be worse hit than the UK average in 2020 and recovery in 2021 may be slower than elsewhere.

9.5 The research suggests in the North East, the largest job losses will have been in accommodation and food services (circa. -12,000) followed by manufacturing (c.-9,000) and wholesale and retail trade (c. -8,000).

9.6 The research highlighted the region is more exposed to the impacts of Covid-19 in regards to poorer internet connectivity and the sectoral structure meaning that fewer people are able to work at home. In addition, the North East is more vulnerable due to exposure to impacts on trade and the proportion of the population over 65.

Oxford Economics Structural Vulnerability Scorecard North East, May 2020

	UK=0*
Trade	1.1
Population +65	0.5
Hospitality	-0.2
Retail	-0.6
Manufacturing	1.2
Self-employed	-1.3
Work from Home	1.6
Small firms	-2.3
Internet	2.2
Hospital beds	-1.8
Population Density	0.0

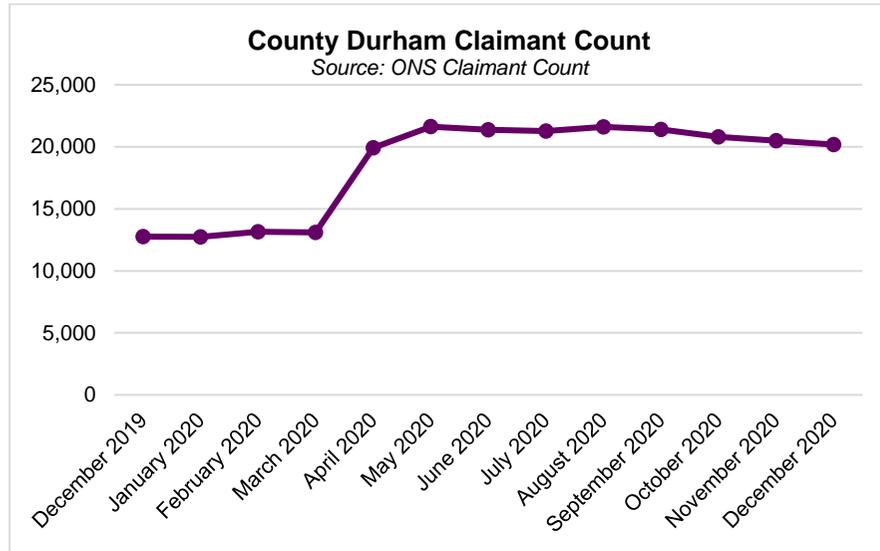
* Greater than 0 indicates it is more exposed than the UK average

Source: Oxford Economics ICAEW May 2020 Economic Outlook

Redundancies and Unemployment

The number of people claiming Jobseekers Allowance and Universal Credit in County Durham was 20,185 in December, an increase of 7,420 compared to the year before. The number of claimants rose by 67% between March 2020 and May 2020 and has remained high, in an area that already reported unemployment levels above the national average. In terms of age groups,

there has been the largest growth in claimants aged over 50. There has also been a sharp rise in unemployment amongst young people, who typically have a high representation in sectors such as hospitality and leisure, as well as more young people becoming economically inactive.



9.7 Data collected by Business Durham suggests there have been around 1,000 redundancies across the County since the onset of the pandemic.

9.8 The latest Coronavirus Job Retention Scheme Statistics (December 2020, reporting figures as of 31st October) show there were 12,500 furloughed in County Durham, equal to 7% of employment in the County, down from 32,400 furloughed in July 2020 (17% of the employment base). The government have announced an extension of the furlough or Coronavirus Job Retention Scheme (CJRS) until the end of March 2021, however concerns remain that as support comes to an end, redundancy and unemployment levels will start to rise.

9.9 The impact of COVID-19 has hit the self-employed particularly hard. The latest figures for the Self-Employment Income Support Scheme (SEISS) to the 31st October 2020 show there were a total of 13,200 claims made in County Durham, 20% of the North East total, equating to £30.6 million being claimed.

9.10 Unemployment is likely to increase further in the summer/autumn of 2021 as the furlough support ends and many businesses re-open with fewer staff.

Sector Analysis

9.11 Data from the Annual Population Survey suggests 76,000 people (33.1% of working population) in County Durham are in key worker occupations.

9.12 The tourism, hospitality and culture sectors have been severely impacted by the national lockdowns, social distancing measures and travel restrictions. County Durham has a lower share of employment within accommodation and food sector and the arts, entertainment and recreation sector than nationally, although there are 1,560 businesses and almost 18,000 jobs which are likely to have been impacted. While these sectors are forecast to rebound strongly in 2022, and possibly the second half of 2021, with tourism expected to support economic recovery, there will be significant job losses and company closures in the short term. Recently, a UK Hospitality survey reported that 41% of businesses surveyed suggested that their business would fail by mid-2021.

9.13 Manufacturing has not been hit as hard as other sectors. Business Durham intelligence suggests the majority of manufacturers were operating at near normal capacity as of November 2020.

9.14 While financial, professional services and digital businesses, have largely been able to transition to home working, it is expected there will be hidden job losses in certain business and professional services and digital and creative sectors, unseen to date.

Schools

9.15 There is a significant challenge facing all the school age population as a result of the pandemic and the educational loss from the unprecedented disruption to school education. Department for Education research has shown that poor educational performance impacts directly on lifetime earnings and the pandemic risks damaging a generation of young people.

9.16 Without intervention, long term educational and employment inequalities are likely to be exacerbated by school disruption and as work placement opportunities fall. Resources are likely to be made available to allow pupils to catch up and a significant proportion of these need to be targeted on the most disadvantaged pupils from low income households, who are likely to have fallen further behind. The disruption to schools and the educational consequences are likely to take several years to address.

9.17 There is an immediate need to provide training and job search support to respond to the considerable job losses arising from the pandemic as well as the reduced opportunities from companies and organisations changing or postponing recruitment plans. The scale of the challenge will fully emerge throughout 2021 as Government job support measures end.

Interventions

9.18 Supporting existing businesses is key to ensuring County Durham makes a strong recovery. The Government have delivered a range of schemes aimed at supporting businesses. In addition, Durham County Council has distributed over £104 million in grant to over 9,500 beneficiaries to support business resilience in the face of unprecedented challenges. There is also The Durham Business Recovery Grant, a £5m fund, designed to help County Durham businesses to recover from the effects of Covid-19.

9.19 While there is likely to be a strong bounce back, from a lower base, as restrictions are lifted, many hospitality and leisure related business may not reopen, while others may

continue but with fewer staff. There is likely to be an increase in new starts and re-configured businesses. A number of centres will see increased vacancy rates and there are long term implications for commercial landlords and a number of high streets.

9.20 The loss of typical annual recruitment will affect young people and 2021 is a very poor time to enter the labour market. Many young people would benefit from remaining in training and education to improve their skills and qualifications and look for better opportunities in 2022 and 2023.

9.21 While support for those seeking employment and businesses is likely, directed through national programmes, it will be important that County Durham businesses and training organisations access these funds, with a need to focus training on the future skills needed.

Brexit

9.22 While the UK left the EU on 31st December 2020, the full consequences of Brexit are likely to take a number of years to be fully felt, with uncertainty around the nature of future trade deals. The implications of leaving the EU depends on various factors including: trade and migration policy including access to the European market; the risk of complex customs processes; the possibility of tariffs on European trade; and gaps in skills availability.

9.23 As the UK formally left the EU in the midst of a global pandemic, it is likely that it will be some time before the full impacts of Brexit are visible. A recent forecast suggested that Brexit will reduce growth in the economy by 1%-2% in 2022.

Business Impacts

9.24 Those businesses reliant on importing and exporting – who benefitted from free and frictionless trade with the EU – will be significantly impacted by Brexit. There is likely to be a reduction in exporting activity relative to the current position before leaving the EU as a result of the potential tariff and non-tariff barriers.

9.25 The early signs are that many businesses and agents have been prepared for the increased time and costs of importing and exporting, although the added delay to the process has considerably increased the friction for a number of sectors. The new arrangements are a disincentive for both exporters and importers and have provided an incentive for EU companies to look for other EU based suppliers.

9.26 In addition, there is also likely to be a reduction in the attractiveness of County Durham and the North East as a place to invest and re-invest relative to other cities and regions in the EU. The UK's previous promotion of the UK as a base for European markets no longer applies.

9.27 There is no experience (yet) of the benefits of any new trading arrangements with other countries and trading blocs.

Workforce and Skills

9.28 Every sector of the UK economy recruits higher skill personnel from the EU. This reflects skills shortages and the free movement of labour, with the UK an attractive destination with an excellent quality of life.

9.29 Arrangements have been put in place to allow EU residents in the UK to continue to work in the UK and to introduce new entry requirements for higher skilled workers globally to come to the UK. These new arrangements are not on a par with the former rights of EU citizens.

9.30 The UK is now likely to be a less attractive destination for many EU citizens and this could impact on both manufacturing and the health services, where highly skilled personnel have previously been recruited from the EU in substantial numbers.

9.31 The consequences for lower skilled and paid occupations which depend on economic migration, such as health and care and parts of food production and processing, are likely to be more severe and could result in a shortage of labour.

9.32 While the hospitality sector also depends on regular lower paid recruitment internationally, the job losses from the pandemic are likely to lead to a large group of people seeking new employment as the recovery builds momentum.

Sectoral Impact

9.33 The industrial sector (excluding extraction) is the most exposed to Brexit, with manufacturing and construction likely to have the largest losses according to research by Oxford Economics.

9.34 Services such as finance and communications are also amongst the most exposed sectors to Brexit, due to a potential reduced ability to recruit EU higher skilled professionals and potential for post transition agreements to restrict UK access to European finance markets. These sectors however account for a much smaller share of County Durham's economy than across the country, together accounting for 2% of total employment compared to 8% nationally, leaving it less exposed to the adverse impacts.

Manufacturing

9.35 Manufacturing is at risk due to tariff and non-tariff barriers and integrated supply chains with the EU, with some manufactures relying on 'just-in-time' delivery of parts or inputs, who may be experiencing disruptions in their supply chains caused by increased or uncertain processing times for goods at the border. Manufacturing is one of the largest sectors in County Durham with 25,000 jobs accounting for 14% of total employment.

9.36 The sub-sectors manufacture of automotive, transport equipment, chemicals and chemical products and textiles, in particular, are expected to be impacted the most. These together account for over a third of County Durham's manufacturing sector, compared to 26% across the country, and 4.8% of total employment compared to 2% nationally.

Brexit: Most at Risk Manufacturing Sub-sectors				
	County Durham		North East	England
	No.	LQ	No.	No.
Manufacture of textiles	400	1.1	1,125	53,000
Manufacture of chemicals and chemical products	800	1.5	7,500	81,000
Manufacture of machinery and equipment n.e.c.	4,000	3.8	11,500	158,000
Manufacture of motor vehicles, trailers and semi-trailers	2,000	2.1	15,000	144,500
Manufacture of other transport equipment	1,500	1.9	2,750	116,500
Total sub-sectors	8,700	2.3	37,875	553,000
% in total manufacturing	34.1%		34.7%	26.2%
% in total employment	4.8%		3.4%	2.0%

Source: BRES 2019

Health and Social Care

There are three major risks to the health sector arising from Brexit and the consequences may have the greatest impact on the care sector. These are:

Reduced ability to recruit EU higher skilled medical professionals. Although arrangements are in place to allow the economy to recruit higher skilled workers, the UK may now be less attractive to EU citizens.

Reduced ability to recruit lower and medium skilled health workers, including care staff. There is likely to be a reduction in workers who qualify for entry to the UK, impacted by lower skills and wages, below the threshold. This has a potential impact on the cost of providing care, in the context of challenging Local Authority and NHS budgets.

Delays at ports & limited warehousing facilities for medicines and health supplies may disrupt service and lead to higher costs.

Summary

9.37 Over the 2020-25 period, economic growth in the North East is expected to be the weakest of any region, while unemployment at the end of the period could be the highest of any region.¹⁵ Regional disparities therefore may grow over the next four years, highlighting the importance of prioritising the 'levelling up' agenda.

9.38 This outcome is not inevitable and could be mitigated by early actions and new private and public sector investment, including new investment from the Shared Prosperity and Levelling Up Funds.

9.39 The major challenges are:

Increased unemployment, particularly for young people, and fewer job opportunities as companies adopt a cautious approach to new recruitment.

The educational damage to a generation of school students and the challenge of making up lost ground, particularly for pupils from low income households.

The medium-term effect of Brexit on the County's large manufacturing sector, including recruitment difficulties and increased friction for companies importing and exporting.

The challenge to the NHS and care sector with regards to international recruitment (a key element in the workforce strategy) at a time when the sector is under intense pressure.

9.40 These challenges are compounded by uncertainty of when travel and social distancing measures will end and the likelihood that new post Brexit market opportunities may take several years to emerge.

¹⁵ Oxford Economics ICAEW May 2020 Economic Outlook

10 Future Economic Growth

Introduction

10.1 The future economic outlook for County Durham is considered in this chapter, using published data to inform forecasts.

Economic Output

10.2 Forecast GVA growth for County Durham has been assumed to follow regional levels, as it did historically between 2006 and 2018.

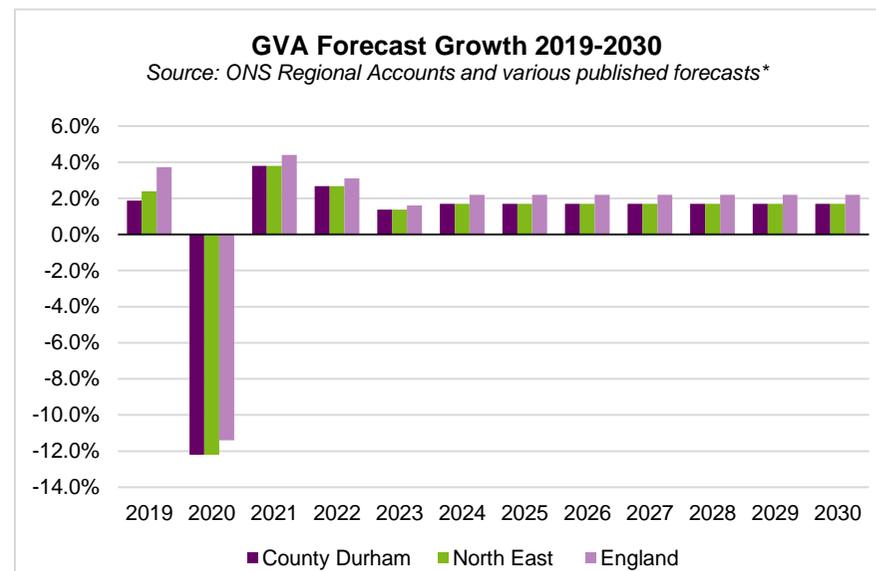
10.3 Forecasts have been informed by Oxford Economics national and regional forecasts published in a House of Commons Briefing Paper in December 2020, which suggest:

- GVA would decline by 11.4% in 2020 across the country, and fall by 12.2% in the North East; and
- between 2019 and 2030 the average compound annual growth rate (CAGR) will be 1.1% nationally and 0.6% in the North East.¹⁶

10.4 National GVA forecasts for 2021 have been informed by the *HM Treasury Forecasts for the UK economy: a comparison of independent forecasts* published in January 2021 which reviews 20 new forecasts from a range of sources. This suggests GDP growth of 4.4% in the UK in 2021. A Monetary Policy Report by the Bank of England published in November 2020 has been used to inform national GVA forecasts for 2022 and 2023.

10.5 Where regional forecasts have not been available for the years 2021, 2022 and 2023, 86% of national annual growth rate has been applied following the CAGR trend in the North East compared to England between 2000 and 2018.

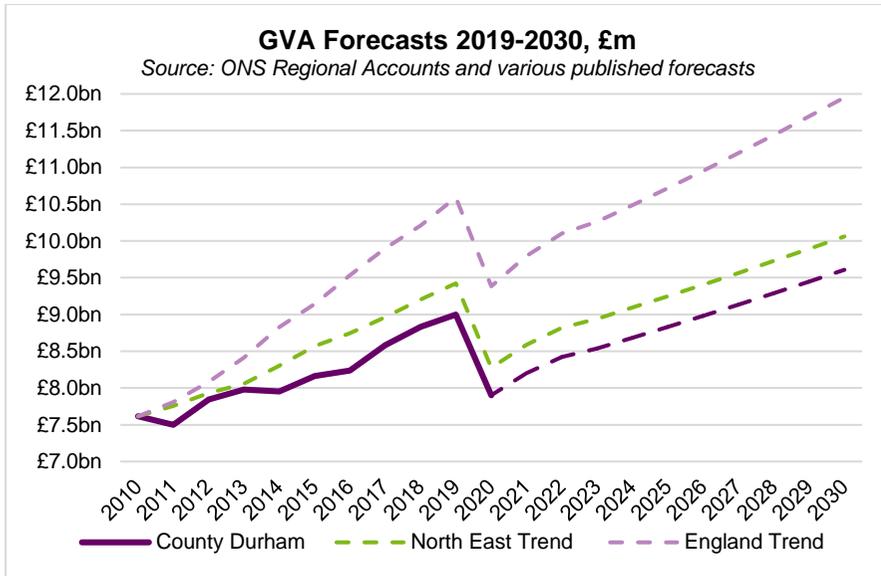
10.6 Between 2024 and 2030, an average growth rate has been applied so that between 2019 and 2030 the CAGR is in line with Oxford Economics forecasts for the North East and nationally for that period (CAGR of 0.6% and 1.1% respectively).¹⁷



10.7 Using these forecasts suggests the levels of GVA in the North East and County Durham will not recover to pre-Covid levels until 2027, while the country as whole will make a faster recovery with GVA above 2019 levels by 2025.

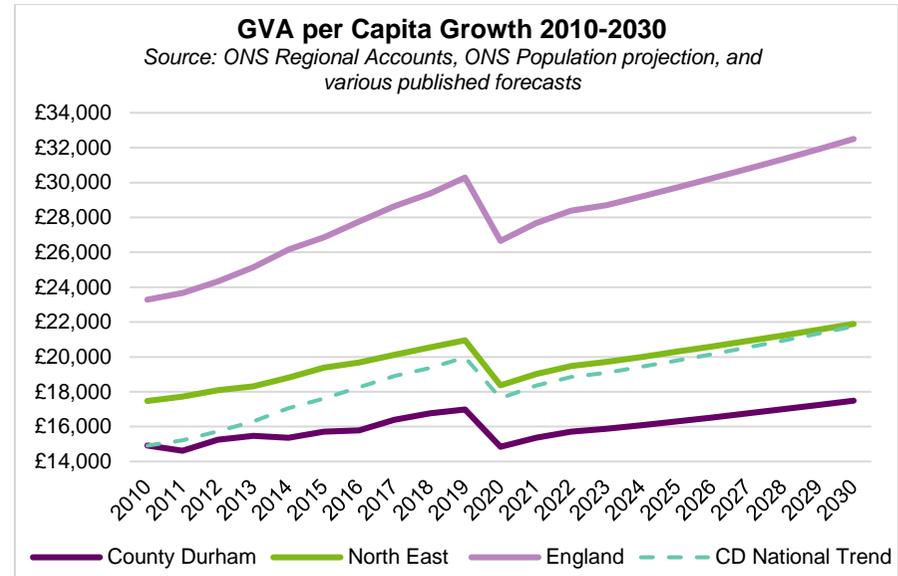
¹⁶ House of Commons Briefing Paper: Regional and Country Economic Indicators, December 2020, Oxford Economics

¹⁷ Ibid



GVA per Capita

10.8 If GVA in County Durham had grown at the national rate since 2010 and continues to grow at this level in the future, GVA per capita would be at the regional level by 2030. Although the gap between the national GVA per head would still be greater than it was in 2010, suggesting a greater up-lift in GVA is needed to move toward this level.



Summary

10.9 The economic forecasts are likely to be revised as the national lockdown ends and the speed of economic recovery becomes clearer. The forecasts are typical in that the North East and County Durham lag behind the national recovery, although such as outcome is not inevitable. In particular, the success of the County is securing new inward investment and supporting businesses to recover and grow will have a major impact on the recovery trajectory for County Durham.

11 Recommendations and Investment Priorities

Rebuilding a Powerful Economy

11.1 County Durham faced the challenge of rebuilding its economy after many years of job losses in coal mining and steel making. The scale of job losses, taking out full time and well-paid employment, affected every community. Since 2000, County Durham has rebuilt and transformed its economy, and the resilience of its manufacturing base has ensured that it continues as an important industrial economy, even as it builds a strong service base.

11.2 While the scale of unemployment is well below the peak numbers seen in earlier decades and the employment rate has been increasing, many communities continue to be affected by low household incomes and health inequalities.

11.3 The successes of the past 5 years, including the arrival of new inward investors such as Hitachi Rail and Amazon, are now being affected by two new challenges - the Covid-19 pandemic and the UK's departure from the European Union.

11.4 The full effect of both factors is likely to result in an immediate increase in unemployment and more challenging conditions for many businesses in both the service and industrial economy.

11.5 The immediate challenges are compounded by the long term (20 year) population forecasts, which suggest that County Durham will experience a fall of some 7,000 people in its working age population and an increase of 35,000 in its older population. The outcome of this demographic change will lead to a reduction in local spending power, further undermining the viability of local centres across the County. This is in addition to the challenges for the health and care sector to provide support for a much larger elderly population.

11.6 Many of the successful changes to the economy in the past 20 years were shaped by important investment in infrastructure, industrial and commercial property, business support, skills training and inward investment sponsored by the County Council and supported by a range of regional and national funds. This scale of investment is now required over the next ten years to help the County respond to both the immediate and medium-term challenges and restore the economic momentum which resulted in new investment and employment.

Developing the Pipeline for New Investment

11.7 Durham is part of the North East Combined Authority (NECA), along with Gateshead MBC, South Tyneside MBC and Sunderland City. NECA does not yet have access to devolved powers and funding, unlike the North of Tyne Combined Authority area and Tees Valley Combined Authority. Since 2015 the Council has been involved in discussions about the possibility of a North East devolution deal that would provide a long-term investment fund and devolve powers to help drive economic growth in the region.

11.8 The North East Local Authority 7 have put proposals to Government to provide significant additional resources to support the economic recovery over the next five years. These proposals are in addition to the support provided by a number of new funds.

11.9 The selection of suitable projects will be influenced by the final guidance for new funds and it is important that the County is prepared to act quickly, working with local partners, with processes to ensure only high-quality prioritised propositions are put forward. In anticipation of future opportunities officers are developing a pipeline of projects that fit within a long-term economic strategy and would benefit for support from regional and national opportunities including devolution, levelling up fund and the shared prosperity fund.

11.10 The potential new funds include:

Devolution

Regional Covid-19 Recovery Asks

Shared Prosperity Fund

Levelling Up Fund

Community Renewal Fund

11.11 In addition the Government's recently published *Build Back Better: our plan for growth* sets out plans for high quality infrastructure linked to productivity growth; technical and basic adult skills priorities; and maximising innovation linked to transforming ideas into new products and services, all of which are relevant to opportunities for the County. In addition, some of the Grand Challenges set out in the UK Industrial Strategy, notably ageing society and clean growth, are directly relevant to the County.

11.12 External funders are increasingly using the 5 stage Business Case model outlined in the UK Treasury's Green Book. A recent review has concluded that the major weakness in project submissions has been underdeveloped strategic cases, the first stage of the Business Case. The accompanying refresh of the Green Book introduced a place dimension, while reinforcing a Benefit to Cost Ratio metric to determine value for money. The calculation of benefits has become very technical and many projects struggle to justify a good BCR score.

11.13 The County Council would benefit considerably from investing time in staff training and identifying a member of staff to act as a Green Book expert and support other organisations.

11.14 The workload of the County Council's Economic Development function is likely to increase markedly through 2021 and 2022. Dealing with the consequences of the pandemic and the unfolding outcome of Brexit will be accompanied by the introduction of major new funds, with a Government preference for competitive bidding and an onerous business case and appraisal process.

11.15 The County has the opportunity to secure significant new investment although considerable staff resources are needed to submit convincing proposals, respond to external appraisers and subsequently agree contract conditions.

The Twin Challenge: Productivity and Jobs

11.16 One of the challenges facing County Durham is the level of productivity of the workforce, with productivity the key determinant of wages and, ultimately, household incomes.

11.17 The key measures of productivity suggest County Durham underperforms compared to the national average. GVA per hour worked is 84% of the England average while GVA per job is 81% of the England average and GVA per FTE is 82% of the England average.

11.18 There are four criteria which influence productivity:

- The skills and health of the workforce;
- The capital investment and technology which support business and workforce activity;
- The products and services which the workforce provide; and
- The market for goods and services provided – local, regional, national and international.

11.19 While companies such as Hitachi Rail and GSK demonstrate that County Durham can provide a productive workforce to match the best in the country, there are too few companies using the latest technologies and producing high value products in national and international markets.

11.20 While inward investment could help boost productivity, and increase the proportion of jobs in high productivity sectors, there is a need to work across all sectors – industrial and services – to help County Durham out-produce their competitors and increase efficiency to maintain competitiveness.

11.21 At the same time as improving the competitiveness and productivity of the current business base and workforce, a significant number of jobs will be impacted by robotics, automation and digitisation, making a number of intermediate skilled jobs redundant. Providing new employment at the intermediate skills levels, in sectors such as distribution and logistics will be important in maintaining employment levels, a challenge now exacerbated by the pandemic.

11.22 An underlying factor for the County Durham economy is the need to strengthen the private sector. The County has a large public sector employment base, although this primarily reflects the large population. It has, however, too small a private sector, partly a legacy of an industrial economy that was driven by nationalised industries, rather than the private sector.

11.23 In order to provide replacement jobs for a changing economy, maintain current employment rates and increase productivity and household incomes, County Durham needs to focus on its strengths, assets and growth sectors, with the potential to deliver more and better jobs.

11.24 These are:

Advanced Manufacturing and Engineering
Logistics and Distribution
Digital Industries and Business Services
Tourism
Health Economy

11.25 These sectors can deliver the range of occupations needed to provide opportunities for all parts of the workforce.

Advanced Manufacturing and Engineering

11.26 The Durham economy has a large manufacturing sector and a number of major world leading companies established in the County. There is a diverse range of sectors including a number where there is both a strong presence and growth potential.

11.27 While some companies will increase their competitiveness through digitisation, robotics and automation, reducing the workforce, there is the opportunity to offset these losses through some of the strongest sub-sectors most able to take up new opportunities in growth markets in the green economy, clean energy and long term activities to reach zero carbon and meet climate change objectives.

11.28 In addition, the County remains a competitive location for inward investment, and the prospects for securing new industrial investment and significant numbers of new jobs are very positive. The County offers a range of locations that are attractive to industrial companies, including small and medium sized companies requiring affordable premises. There is an opportunity to develop a major, regionally significant and high-quality industrial park to successfully compete for the major inward investment opportunities.

11.29 While the pandemic has had a limited effect on the advanced manufacturing sector, Brexit is likely to impact on those companies which are part of European supply chains and the recruitment of high skilled international migrants. Conversely, over the next five years, new trading arrangements could result in new opportunities. However, the most recent forecasts suggest that leaving the EU will result in a 1%-2% reduction in the national economy.

Logistics and Distribution

11.30 County Durham is a competitive location for logistics and distribution. There are now 8,500 jobs in the transportation and storage sector, an increase of 1,500 since 2015. The growth reflects a range of factors which have transformed the logistics sector, including the distribution of imports and home deliveries from the major supermarkets and the likes of Amazon. The increase in internet shopping and commitments to timely home deliveries has increased the regional super hubs for the leading companies. While many logistics related jobs are at the intermediate skills level, a significant proportion are technical jobs, and supervisory and managerial roles.

11.31 County Durham benefits from its strategic road network and its location between north and south, as well as providing easy access to the North East and Tees Valley ports and markets.

11.32 As with the industrial premises offer, the County offers a range of locations, attractive to small and medium sized distribution and transport companies requiring affordable premises. There is also an opportunity to develop a major, regionally significant and high quality logistics park, offering regionally significant capacity to accommodate a number of company super hubs at the top of the supply chain, to successfully compete for the major logistics investment opportunities.

Digital Industries and Business Services

11.33 Digital industries and business services have been major drivers of employment growth in the UK for many years. The County has benefitted from increases in employment, although these sectors favour major urban locations such as Leeds, Manchester and Birmingham.

11.34 The move towards digital applications is driving growth in every sector of the economy, including manufacturing, retail, logistics, professional services and health. The pandemic has further highlighted the importance of the digital economy.

11.35 The GVA/FTE figures for ICT in County Durham is very low which suggests that the area does not have sufficient numbers in higher value added sub-sectors.

11.36 From a County Durham perspective, embedding digital skills in the education and training system is an important priority for making the future workforce employment ready. There is a further opportunity to prioritise support for new and micro digital businesses to take advantage of the range of product and market opportunities.

11.37 Major cities have benefitted from a combination of apartment living for younger workers, the attraction of an urban lifestyle, and a supporting eco-system to drive new opportunities. There is an opportunity to review the current City of Durham offer and identify new proposals which could provide a competitive alternative to the large cities, particularly as households re-evaluate their housing and location priorities as a result of the pandemic.

Tourism and Leisure

11.38 County Durham has a growing tourism and leisure sector based on major heritage assets and an outstanding natural environment. The City of Durham with its world-renowned Cathedral is a must visit centre along with York and Edinburgh, while new investment in Bishop Auckland has further strengthened the historical tourism offer.

11.39 The sector has been badly affected by the pandemic, with bars, cafés and restaurants forced to close for long periods and accommodation providers severely affected by travel restrictions. While the sector is forecast to rebound strongly in 2022, and possibly the second half of 2021, there will be significant job losses and company closures in the short term.

11.40 In the medium term, further growth in tourism and leisure will be based on quality, with further investment in accommodation, restaurants and cafés likely needed to support increased visitor numbers and expenditure. There is an opportunity for towns such as Barnard Castle and Bishop Auckland to increase visitor numbers.

11.41 Further investment in culture and heritage assets and the natural environment should be a priority for further strengthening the County's offer for extended breaks to maximise leisure expenditure. Consideration should be given to developing a pipeline of proposals for cultural and natural environment projects.

Health and Care Economy

11.42 The health economy provides a substantial employment base in the County and with an increasing number of elderly residents, health and care will continue to play an important role in both local economic potential and community health and wellbeing.

11.43 The NHS continues to face recruitment challenges for many occupations and the care sector also struggles to recruit personnel. Brexit is expected to make the UK less attractive as a place to work for skilled international labour and there is both a need and opportunity to increase local recruitment at both intermediate and higher skilled occupations.

11.44 As the integration of health and care services accelerates, new job opportunities will open, and the combined workforce will face both recruitment and staff retention issues.

11.45 The impact of health inequalities in terms of both communities and workforce productivity is now a national policy priority and increasing funds are being channelled towards health innovation in areas such as diagnostics, med tech, digital health applications and mental health. These new approaches are in addition to public health initiatives in areas such as smoking cessation and healthy eating in response to obesity.

11.46 Covid-19 has led to a number of new challenges, notably a need to address mental health issues amongst young people, including school students and within the wider workforce, with many employers now focused on the wellbeing of their workforce.

11.47 The County should develop its role in the health supply chain, considering the potential for a health campus and the further development of technical equipment and digital opportunities to benefit existing County Durham companies and support new inward investment opportunities.

11.48 There would be merit in the County developing a strategic economic framework for the health and care economy focused on workforce needs and development, linking opportunities to young people in schools and colleges, business start-up and supply chain opportunities and developing the anchor institution's role.

Start Ups

11.49 County Durham has a consistently good track record in generating new business starts each year. While inevitably many of these will not survive the opening years, others will go on to provide jobs for some time, with a small number growing quickly and employing 20-30 people.

11.50 The need to provide more jobs in the economy means that new starts have an important role to play over the next ten years, with a combination of one and two person businesses and increasing numbers in digital and leisure adding directly to the business base.

11.51 In the light of the economic impact of the pandemic, there is likely to be an increase in new starts in 2021 and 2022 as individuals seek new routes to employment or re-launch businesses closed by the national lockdowns.

Place, Investment and Employment

11.52 Connectivity is central to the economic competitiveness of the County economy and the strong link between transport and improved productivity requires a rolling programme of transport investment.

11.53 The North Durham Economic Corridors enhancements on the A693, A691, A167 and A692 corridors is central to facilitating economic growth at key employment and housing sites in the North of the County, as well as improving journey times and reliability towards Durham and Tyneside. Investment in rail lines/stations as well as smaller local transport schemes are needed to open up more opportunities across the geography.

11.54 **Durham City** is a key employment centre, with the largest office market and home to significant public sector occupiers, including the County Council, Passport Office, Land Registry, Northumbrian Water, Durham & Darlington PCT and Durham University.

11.55 The city is constrained by a lack of available sites which limits private sector commercial investment and limited high-quality office space in and around Durham City is a constraint to growth in business and professional services. The train station is located close to the city centre but the topography provides a poor route to the centre and no commercial development close to the station has been undertaken to provide the offices and hotels which major railway stations typically support.

11.56 Although complex, increasing the supply of modern office space close to the station can be an important element of increasing the business service and digital industries business space which is a key feature of strong urban economies. Aykley Heads, a partnership with Durham University linking research and development with the digitally enabled business sector creating more and better jobs in county Durham with fintech specialisms, and Milburngate schemes will help to address this requirement.

11.57 **The A1 Corridor** (including sites around Durham City) is the County's principal industrial location, containing a number of major employment locations including:

- Aycliffe Industrial Estate, Newton Aycliffe – A 400-acre industrial estate in the south of County Durham located close to the A1 with over 500 businesses and 10,000 employees, which is home to Hitachi Rail, Gestamp Tallent, 3M, Inovyn and Husqvarna among others. The arrival of Hitachi Rail has supported large scale job creation and helps to position Durham as a key location for inward investment in advanced manufacturing. There is potential for further expansion of the Estate.
- NETPark, Sedgfield – In South East Durham is one of the UK's premier science, engineering and technology parks, home to several high-tech companies and home to two National Catapult Centres – The High Value Manufacturing Catapult, managed by CPI, and North East Centre of Excellence for Satellite Applications. NETPark Central is a new proposal for an iconic building at new entrance gateway providing incubation and office space including an amenity hub and to provide physical location for North East Space Hub.

11.58 Within the A1 corridor, Phase 1 of Integra 61, Bowburn, has recently been completed. The £300m mixed use employment development will provide a total of three million ft² of industrial and logistics space, 300 new homes and 50,000ft² of roadside opportunities, including

a family pub/restaurant, hotel, drive-thrus, trade counter units, car showrooms, a care home and a nursery. Amazon has located its second robotics fulfilment centre in the North East at the site, one of the largest distribution centres in the UK, creating around 1,000 jobs.

11.59 **The A19 Corridor** in the East of the County is also a key employment location. The A19 Corridor has experienced significant development over the past two decades; although there now exists an oversupply of larger office space with limited demand, in part due to lack of public transport hubs. The A19 historically has been a key industrial location with estates such as Peterlee North West and South West. Peterlee is home to several major national and international manufacturers, including Caterpillar and TRW.

11.60 The JADE Business Park, Seaham, located within a designated Enterprise Zone. Phase 1, has delivered 155,000ft² for distribution, technology and advanced manufacturing businesses, and is strategically located for businesses involved in the automotive construction supply chain, sitting within the catchment area for Nissan supply chain companies. Phase 2 has the capacity to deliver a further 400,000ft².

11.61 While the two Corridors and other towns allow the County to offer a range of locations, attractive to industrial companies, including small and medium sized companies requiring affordable premises, a large proportion of industrial space is no longer fit for purpose, contributing to high vacancy rates in certain size bandings including in locations such as Consett, Peterlee and Newton Aycliffe.

11.62 There is the potential for Industrial Property Development Fund to provide gap funding for public and private industrial new build across the County including sites at Drum and Stella Gill (Chester le Street), Jade (Murton), South Church (Bishop Auckland) and Merchant Park (Newton Aycliffe) .

11.63 There are also two major opportunities to significantly improve the quality of industrial premises in the County. These involve building on strong locations to develop:

A major, regionally significant and high-quality industrial park to successfully compete for the major inward investment opportunities.

A major, regionally significant and high-quality logistics park, offering regionally significant capacity to accommodate a number of company super hubs at the top of the supply chain, to successfully compete for the major logistic investment opportunities.

11.64 It is equally important to continue to modernise both office and industrial space across the County to provide business space which meets the demand of changing work practices in locations where companies are keen to locate, including the many smaller businesses which make a valuable contribution to the County's economy.

11.65 County Durham needs to modernise its major business locations to compete successfully with its neighbours in terms of industrial and office space. New investment is needed to deliver more and better jobs, improve productivity and increase its Business Rates income as a means of generating funds for re-investment in economic development across the County.

Rural Communities and Economy

11.66 In relation to rural communities, actions centred on new and affordable housing, business and tourism support and town centre renewal need to be underpinned by digital connectivity, working with the private sector to bring cutting edge broadband services to rural parts of the County to enable more people to work and access services from home.

11.67 Improved broadband to rural communities will underpin efforts to increase working from home, support new business starts up and help diversify the rural economy. It will also strengthen the visitor and leisure economy. The government has announced the first stages of its plans to get ultra-fast broadband to the majority of homes in the UK and the first to benefit will be homes and businesses in Cambridgeshire, Cornwall, Cumbria, Dorset, Durham, Essex, Northumberland, South Tyneside and Tees Valley. A former voucher scheme is also being relaunched to provide more immediate help to those struggling with poor broadband coverage, with up to £210m being made available.

11.68 Other important considerations for rural communities will be the strengthening public transport services and health as well as other public e-services which will help reduce rural isolation. Further improvements to village and town centres will play an important part in strengthening the vitality of rural centres.

Skills, Learning and Communities

11.69 The proportion of the working age population skilled to Level 2 and above in County Durham (75.3%) is above the North East as a whole (73.5%) and marginally below the England wide average (75.7%).

11.70 While this is a very positive profile, those outside this group will find it increasingly difficult to find permanent, secure jobs paying above the minimum wage, as the structure of employment and employer demands change.

11.71 The County also has a significant proportion of its workforce in occupations at Levels 2/3 across both office based and industrial sectors, where jobs will be lost due to digitisation and automation. There is likely to be a persistent demand for updating and refreshing skills to support people to move into new employment.

11.72 The proportion of the population with a degree or a higher degree (Level 4+) in County Durham is 31.6%, considerably below the national average (40.0%), and marginally below the North East average (31.9%). This proportion is likely to change as new employment opportunities in growth sectors change overall demand. The 2019 LMI toolkit analysis for the North East, reported demand for workers with higher level qualifications (Level 3 and 4) and apprenticeships, while demand for workers with no and lower level qualifications is expected to continue to fall, in line with national trends.

11.73 While County Durham is well placed to provide the workforce needed to support its employment ambitions, there are three major skills challenges:

Improving the proficiency of the least well qualified cohort to increase their employability and work readiness and addressing barriers to moving into employment.

Assisting those in vulnerable occupations to update their skills and move into new sectors and occupations.

Addressing skills shortages and recruitment challenges in sectors such as manufacturing, construction and health.

11.74 The County has a strong training and further education sector and an excellent track record in apprenticeships. It is well placed to address skills challenges, although significant Government support will be required to put in place medium term programmes not dependent on annual or intermittent funding.

11.75 There is an immediate need to provide training and job search support to respond to the considerable job losses arising from the pandemic, as well as the reduced opportunities from companies and organisations changing or postponing recruitment plans. The scale of the challenge will fully emerge throughout 2021 as Government job support measures end.

11.76 Given the increasing numbers of young unemployed and the likely reduction in employer recruitment there is a need for a range of interventions to support young people gain skills and take opportunities presented by economic growth. Potential projects include establishment of Employment/ Youth Hubs in areas of high unemployment, communicating information on support available across the provider base in the county and enhanced marketing and communication of support available through DurhamWorks, DurhamAdvance, LINKCD, National Careers Service and ROAD.

11.77 It will be important to increase adult employment support services providing wrap around support and progression opportunities for residents 25+ and, if possible, increasing the adult education budget within a localised commissioning framework to better supporting the training needs of residents.

Schools

11.78 The Department for Education (DfE) implemented Attainment 8 and Progress 8 measures in 2017, creating a new secondary school accountability system. DfE data reveals County Durham's educational attainment is above the national average.

11.79 Ofsted scores for 2019/2020 reveal that most of County Durham's primary schools are either outstanding or good (89%), comparable to 88% nationally, with 10% requiring improvement. A higher share of schools in County Durham are outstanding (22%), than across the region as a whole (16%) or nationally (20%).

11.80 Outstanding primary schools and high performing secondary schools are an important feature in persuading families to move into the County, potentially reducing in-commuting and attracting high skilled staff to take up employment opportunities.

11.81 Schools in County Durham continue to improve attainment at all levels and provide older pupils with better information, advice and guidance to make the transition to further education or employment. There are three challenges which schools in County Durham now face:

Ensuring that pupils in receipt of free school meals match the performance of their wider peer group in terms of educational outcomes and progression.

Assisting pupils in areas of very high multiple deprivation.

Addressing the new challenge facing all the school population because of the pandemic and the educational loss from the unprecedented disruption to school education.

11.82 Department for Education research has shown that poor educational performance directly impacts on lifetime earnings and the pandemic risks damaging a generation of young people.

11.83 Resources are likely to be made available to allow pupils to catch up and a significant proportion of these need to be targeted on the most disadvantaged pupils from low income households, who are likely to have fallen further behind.

11.84 The disruption to schools and the educational consequences are likely to take several years to address.

Communities and Towns

11.85 The Index of Multiple Deprivation (IMD) is the most commonly used measure of deprivation. IMD covers the following seven domains: income deprivation; employment deprivation; health deprivation and disability; education skills and training deprivation; barriers to housing and services; living environment deprivation; and crime.

11.86 In 2019, County Durham ranked 62nd out of the 317 local authorities in England. Lower Super Output Area (LSOA) data shows that 12% of LSOAs are in the 10% most deprived in England, compared to 20.1% across the North East as a whole, while exactly a third of LSOAs are in the most deprived 20% across the country.

11.87 There are hotspots of deprivation in the East of Durham and coastal towns of Seaham and Peterlee, Bishop Auckland and Newton Aycliffe in the South, Stanley in the North and parts of Durham City.

11.88 While County Durham does not have the scale of deprivation seen in the major cities and conurbations across the country, particularly in the North of England, it does perform relatively poorly in the health deprivation and disability and employment domains – ranked 32nd and 35th most deprived respectively – with around a quarter of LSOAs in the most 10% deprived for both domains.

11.89 There is a strong link between health inequalities and high rates of economic inactivity, as well as unemployment and low GVA per head. There is an increased focus on the early identification and better management of cancer, cardiovascular and respiratory conditions and increasing efforts to reduce obesity and diabetes. Other innovations are assisting people to manage conditions more effectively.

11.90 It is also important to seek to address wider determinants of health, including income, educational attainment and access to employment, in order to address long standing health inequalities. New approaches need to be supported by continuing investment in long term public health initiatives including healthy eating, active lifestyle and smoking cessation.

11.91 While County Durham needs to continue to provide a range of targeted initiatives regarding housing, training and employment, the prioritisation of reducing health inequalities could have a major influence on reducing multiple deprivation in many communities.

11.92 Housing development has an important role to play in local regeneration, including the renaissance of smaller towns centres and rural areas. There is a need to deliver more affordable homes, specifically using brownfield land and also including a rural programme and introduce new support to bring forward brownfield sites.

11.93 While there is a continuing challenge of regenerating many town centres across the County there is an opportunity to widen local regeneration plans through the more flexible range of complementary initiatives now available through the Levelling Up Fund and the Community Renewal Fund.

11.94 Given the importance and scale of the housing challenge a more substantive Strategic Housing Growth is required to take forward the high quality housing within the development of the Durham Economic Growth Corridor.

Maximising Local Opportunities – The Role of Anchor Institutions

11.95 The three anchor institutions – Durham County Council, the Durham and Darlington NHS Trust and Durham University – are the three largest employers, each rooted in the County. In addition to the large workforce, each has an extensive supply chain, increasing their economic role in the wider economy.

11.96 As well as providing important services to the community, the Council and Trust are central to community wellbeing, and both have an important role to play in reducing social and health inequalities.

11.97 The University – a leading UK centre of excellence in higher education – already supports a number of research and commercial activities which link the County to the UK Industrial Strategy, as well as providing thousands of new graduates and postgraduates each year.

11.98 The County Council is a very large employer and the provider of a number of key services. Each year it indirectly supports a large number of local companies through its supply chain expenditure. The Council is one of the largest Local Authorities in England and although under considerable financial pressure, its work on social value provides a sound platform for further actions to link local businesses and residents to opportunities.

11.99 There is an opportunity for the three Anchor Institutions to collectively review their role in the economy, with the potential to leverage more benefits for residents and businesses, provide supported employment places for residents in areas of high deprivation and provide a new range of actions to support young people.

11.100 This review could usefully tap into the University's postgraduate capacity to examine best practice and new initiatives from across the UK to build the evidence base for a new approach.

11.101 All three Anchor Institutions already invest in social value and actively collaborate at a senior and operational level. There is a need and opportunity to move to a new level and present County Durham as an exemplar location in this field.

11.102 In addition to developing the role of the major anchor institutions, there are several other public sector organisations with the potential to contribute to social value activities. While many are less resourced, providing support to these organisations to develop local initiatives, possibly in collaboration, would provide additional opportunities.

11.103 There is now a growing commitment in the private sector to increase their Corporate Social Responsibility actions, and again this presents another opportunity for the County to increase social value activities.

Delivering New Investment and Jobs

11.104 County Durham needs significant external public sector funding to meet its objectives of increasing employment and employability to fully contribute to the National Industrial Strategy and the levelling up agenda set out by Government.

11.105 It also needs to ensure that Government funding aimed at reducing unemployment, increasing participation, and tackling poverty are delivered in a way which meet the needs of County Durham residents and communities. This also applies to all Government support being provided to businesses, schools, training institutions and workers to respond to the pandemic.

11.106 The current Government approach to economic development and levelling up involves either national competitions (with winners and losers) or a time-consuming process to agree “deals”, with final funding uncertain and detailed negotiations to conclude contractual arrangements.

11.107 More positively, the recent Green Book Review re-stated the Government commitment to the levelling up agenda and introduced an emphasis on understanding the benefits of investment within a place-based theme.

11.108 Considerable resources are needed to fully advance the economic development ambitions of the County. This will involve:

Working with regional networks and agencies and engaging with Government to influence policy and shape additional delivery plans across a range of Departments.

Developing credible propositions with other County organisations and agencies and the private sector to produce compelling propositions with regard to residential and commercial development, transport and infrastructure, sectoral and innovation propositions and place based, inclusion and social value initiatives.

Developing Green Book compliant Business Cases in line with the Green Book Review to secure new investment.

11.109 While there is uncertainty over how new funds will be made available, the County needs to progress development work in advance of formal funding announcements to allow a pipeline of proposals to be ready.

11.110 Specific to the County Council, there is an imperative for the County to successfully compete for new external funding over the next five years to meet its economic objectives and this will require both staff and resources to deliver the scale of new investment needed to attract the scale and nature of private sector investment required to create new and better jobs and increase productivity. .

Areas for Further Exploration

11.111 There are a number of areas where the County would benefit from new research and exploration. These are:

New responses to addressing poverty and areas of multiple deprivation

Local opportunities in the move to clean energy and zero carbon

New opportunities from changing procurement arrangements

Business and community led small town centre regeneration

Two Challenging Years

11.112 The next two years are likely to be the most challenging that the economy has faced since the turn of the century. Covid and Brexit are compounding long term trends which are impacting on many sectors.

11.113 Establishing economic momentum will need a range of public and private investment in the early recovery period. The County offers multiple opportunities and these need to be pursued alongside increased activity to support residents to improve their employment prospects. The County Durham economy needs to recover quickly or any downturn may turn out to be permanent.

11.114 While the County faces a number of challenges – the impact of automation and digitisation, the costs of supporting an ageing population, the move to a low carbon economy – each challenge also creates new economic and employment opportunities, emphasising the need for a pro-active and innovative policy approach by leading stakeholders.

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REBUILDING A POWERFUL ECONOMY

County Durham Economic Statement

PURPOSE

Over the coming months we will develop a new Economic Strategy – this Statement sets out some headline economic strengths and challenges and a direction for discussion with partners and stakeholders across County Durham. This statement and the development of the strategy will help us to:

- ▶▶ Balance economic growth with the need to reduce carbon emissions and improve socio-economic sustainability
- ▶▶ Define priorities for growth and recovery from Covid-19
- ▶▶ Take advantage of the opportunities emerging from Brexit
- ▶▶ Align with the County Durham Vision 2035, which sets the ambition of generating more and better jobs across the county by:
 - ▶▶ Delivering a range of accessible employment sites
 - ▶▶ Having a strong, competitive economy and being a premier place to do business
 - ▶▶ Broadening the experience for residents and visitors to the county
 - ▶▶ Ensuring young people have access to good quality education, training, and employment
 - ▶▶ Helping people into rewarding work
 - ▶▶ Ensuring fewer people are affected by poverty and deprivation

PROPOSED PRIORITIES

In order to develop this statement and a new Economic Strategy we commissioned a high-level economic profile of the County which recommended a range of actions for discussion and agreement. The recommendations were to:

- ▶▶ Rebuild a powerful economy
- ▶▶ Develop a pipeline of new investment
- ▶▶ Improve productivity and jobs in key sectors
- ▶▶ Support start-ups as a route into employment and to expand our business base
- ▶▶ Enhance connectivity to support places, investments, and employment
- ▶▶ Support the rural economy with improvements to connectivity and local services
- ▶▶ Use skills, learning and school services to support people of all ages into work
- ▶▶ Tackle the multiple determinants of deprivation to support communities and towns
- ▶▶ Harness the powers of large anchor institutions to maximising local opportunities
- ▶▶ Compete for external funding to deliver new investment and jobs

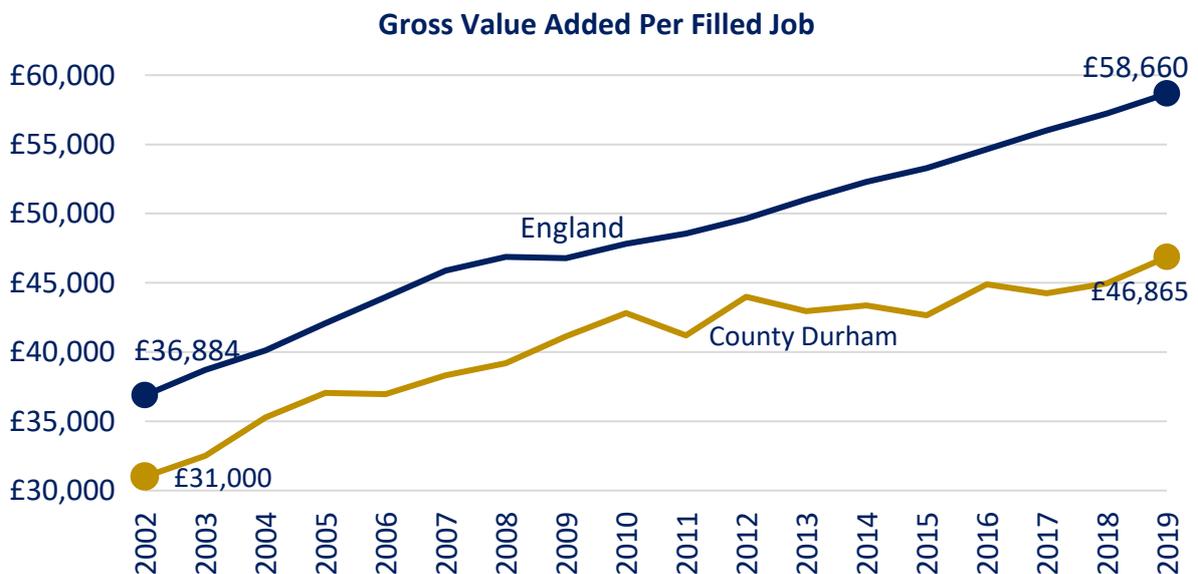
ECONOMIC PERFORMANCE

Economy £9 billion	Residents 533,100	Jobs 174,000
Workers 254,000	Highly Skilled Workers 101,800	Self-Employed 30,100
Average Wages £26,495	Students 18,800	Businesses 14,565

The Gross Value Added (GVA) of our economy has grown by £2.6bn over the last fifteen years to £9bn, which is a 44% rate of growth but significantly below the national rate of 64%. National growth has been driven by the business services sector, which is weaker in County Durham. The overall gap between the county’s performance and national performance is growing.

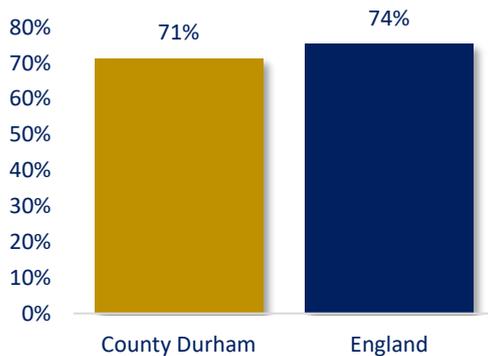
At £16,925 our GVA per capita is 56% of the national average of £30,239. If we had matched national levels of growth in the last fifteen years it would be around 10% higher at around £18,400. It is vital that we attempt to close the gap with national performance in order to improve local wages and quality of life.

GVA per capita, which includes the whole population, including children and older people, is a measure of the level of prosperity in County Durham. In contrast, GVA per filled job, reflects the productivity of the workforce. At 80%, County Durham lags behind the national average, but there are strong companies, sectors, and opportunities to close this gap.



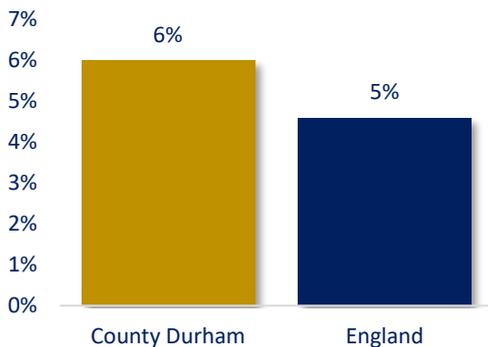
Our overall ambition is to support the creation of more and better jobs across the county and it is proposed that our high level target is to bridge the gap with national performance across the following key measures. This ambition and these measures will be considered during the development of the Economic Strategy and as evidence of the economic impacts of Covid-19 and Brexit become clearer.

Employment



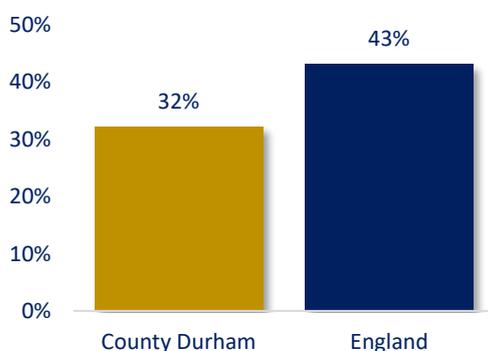
County Durham’s employment rate is typically 2 to 3 percentage points below the national average and a little above the regional average. Over the last 3-5 years the employment rate has averaged around 72%.

Unemployment



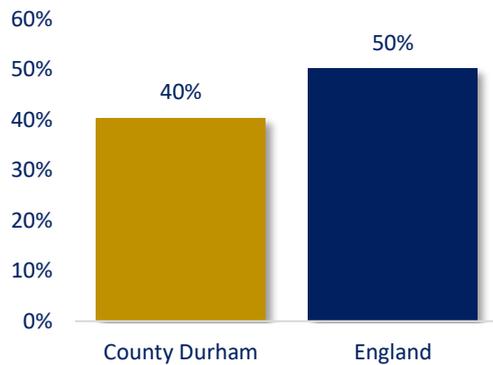
County Durham’s unemployment rate is typically around one percentage point higher than the national rate but around 0.5 percentage points lower than the regional rate. Over the last 3-5 years the rate has averaged around 5.5% but tends to fluctuate.

Higher Level Skills



County Durham has a far lower proportion of residents with higher level skills than the national average. This means that residents have lower wages and less disposable income, are less able to secure higher-level jobs, and are less innovative than the national average. This significantly affects the overall performance of the economy. Furthermore, this gap between the County’s performance and national rates is growing.

Higher Level Occupations



Similar to the County’s skills profile, we have a lower proportion of higher level jobs; those requiring a high level of skill, education, and experience.

Correspondingly, we also have a high proportion of routine jobs, which are particularly at risk of being automated in the medium to long-term future. Lower level jobs are also more at risk during economic recessions and downturns and may involve zero hour contracts where work is less secure.

Bridging the performance gap in the employment and unemployment rates will lead to more than 10,000 more residents in work. Supporting residents to achieve higher level skills and occupations will lead to productivity improvements, wage growth, and new business opportunities across the county and more innovation. It will also make the county’s economy more stable and more resistant to future economic recessions.

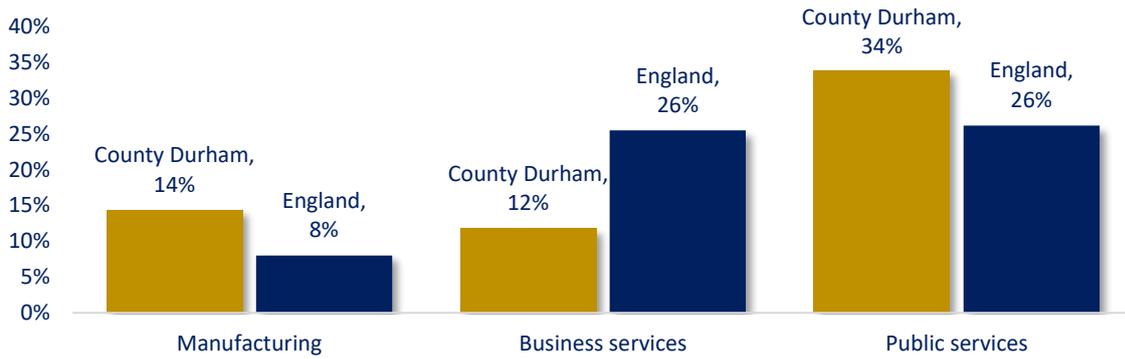
Employment in Key Business Sectors

We have a range of multinational businesses located throughout the County including Hitachi Rail Europe, Husqvarna, GlaxoSmithKline, Caterpillar, Ineos, Gestamp, Thorn Lighting, and have recently secured a new Amazon Fulfilment Centre.

Our key locational strengths are that we sit between Tyne and Wear and Tees Valley and have good north-south national connectivity with the A1M, A19 and East Coast Mainline running through the County. The demand for land and premises is greatest in these corridors and has seen escalating demand in the last decade or so. We also have numerous businesses that have a growing national and international presence that are based in the county including Kromek, Elldis, Thomas Swan, GT Group, Atom Bank, Honcho, Great Annual Savings, The Banks Group, The Vardy Group, The Esh Group, Crafters Companion, and many others.

Our business sector profile differentiates us from many parts of the UK, with manufacturing and engineering being a particular strength. The business services sector is under-represented in our economy and has potential for significant growth, with fintech being a niche opportunity. Within the public services we have specific strength in education which will be harnessed to support labour market improvements and economic growth.

County Durham Economic Statement



PROPOSED ECONOMIC STRATEGY FRAMEWORK

We have developed a framework to simplify our overall approach to economic growth and demonstrate to stakeholders and investors where and how we expect to drive change. We will test this framework via the development of the Economic Strategy.



- 1. People:** Supporting people into education, training, jobs, and to excel in business and their careers
- 2. Prosperity:** Supporting business innovation, growth, and higher levels of productivity
- 3. Places:** Improving places and infrastructure so people and businesses can access opportunities
- 4. Promotion:** Promotion of the County and our assets to visitors, investors, and developers
- 5. Partnerships:** Working in partnership to develop an inclusive, greener economy

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