



Economy and Enterprise Overview and Scrutiny Committee

Date **Monday 20 September 2021**
Time **9.30 am**
Venue **Council Chamber, County Hall, Durham**

Business

Part A

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

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held 21 July 2021 (Pages 3 - 16)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Strategic Job Creation Plan: (Pages 17 - 42)
 - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
 - (ii) Presentation by the Corporate Director of Regeneration, Economy and Growth.
7. Strategic Employment Sites in County Durham: (Pages 43 - 64)
 - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
 - (ii) Presentation by the Corporate Director of Regeneration, Economy and Growth.

8. Quarter Four 2020/21 - Revenue Capital Outturn and Quarter One 2021/22 - Revenue and Capital Outturn: (Pages 65 - 84)
Joint Report of the Corporate Director of Resources (Interim) and Corporate Director of Regeneration, Economy and Growth – presented by the Principal Accountant, (Resources and Regeneration), Resources.
9. 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
10 September 2021

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

Councillor B Moist (Chair)
Councillor A Jackson (Vice-Chair)

Councillors M Abley, A Batey, G Binney, J Cairns, K Earley, C Hood, C Lines, L Maddison, R Manchester, C Marshall, C Martin, J Miller, R Ormerod, A Reed, I Roberts, M Roberts, A Sterling, A Surtees and S Wilson

Co-opted Members:

Mrs R Morris

Contact: Martin Tindle

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DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Council Chamber, County Hall, Durham** on **Wednesday 21 July 2021 at 9.30 am**

Present:

Councillor B Moist (Chair)

Members of the Committee:

Councillors A Jackson, M Abley, A Batey, J Cairns, R Manchester, C Martin, J Miller, R Ormerod, A Reed, M Roberts, A Sterling and S Wilson

Co-opted Members:

Mrs R Morris

Also Present:

Councillor(s) S Townsend

1 Apologies

Apologies for absence were received from Councillors C Hood, C Lines, C Marshall, I Roberts and A Surtees.

2 Substitutes

Councillors R Charlton-Lainé, D Deinali and K Shaw were present as substitutes for Councillors I Roberts, A Surtees and C Marshall.

3 Minutes

The minutes of the meeting held 25 March 2021 were agreed as a correct record and signed by the Chair.

4 Declarations of Interest

There were no declarations of interest.

5 Items from Co-opted Members or Interested Parties, if any

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

6 Introduction to the Regeneration, Economy and Growth Service:

The Committee considered a report of the Corporate Director of Regeneration, Economy and Growth which provided an overview of the services, key projects, budgets, and structures of the Council's Regeneration, Economy and Growth Service (for copies see file of minutes).

The Corporate Director of Regeneration, Economy and Growth gave a presentation on the Regeneration, Economy and Growth Service Grouping providing the following information:

- An Economic Overview
- The County Durham Vision 2035
- Services, Heads of Services and Functions
- Supporting the City, Towns and Villages
- Employment Sites
- Business and Employability Support
- Housing Services
- Leisure and Heritage
- Tourism
- Transport
- Corporate Land and Property
- COVID-19 Impacts and Support
- Funding and Investment
- Examples of External Funding and Investment
- Social Value
- Support the Climate Emergency
- Partnerships and Relationships

The Corporate Director Regeneration, Economy and Growth advised that County Durham had the largest economy in the North East with a £9 billion economy and was in the Top 10 largest local authority areas in the country. County Durham was still underperforming however, and when using the national average as a comparison, the figure should have been £12 billion. This underperformance could be for a variety of reasons including productivity, skills and support to businesses to meet their markets.

There were over a quarter of a million people employed in County Durham who either worked in the County or lived in the County and travelled to work either to Tees Valley and Darlington at the South of the County or to areas such as Sunderland to the North of the County. This reflected the large geography of our County and workplace movements.

In relation to the County Durham Vision 2035 the Corporate Director, Regeneration, Economy and Growth advised that that under the three pillars of the Vision the Regeneration, Economy and Growth Service Grouping drivers were areas such as employment sites, broader visitor experience and housing standards. The service was supported by other service groupings, such as Resources and this support was key to the service delivering the services for which it was directly responsible. The Director confirmed that Regeneration, Economy and Growth was a family of services that contributed to regeneration in the County that worked together to deliver one end product for local communities.

The Corporate Director of Regeneration, Economy and Growth gave Members an overview of the Services, Heads of Services and responsibilities that came under each service grouping.

Members were informed that one of the Councils key priorities was supporting the City, Towns and Villages. County Durham had a diverse landscape with a number of important towns that provided services to our communities and there was a strong sense of civic pride within the county. There was a diverse investment programme around town and villages which includes the Towns and Villages Programme, providing £25m investment, including the AAP Area Improvement Programme, improvements to walking and cycling routes, neighbourhood and retail improvements and digital high streets. In addition, County Durham had been successful in achieving funding from the Future High Streets and Town Funds for particular areas in the County. It was highlighted that supporting towns and villages was an ongoing activity.

The Corporate Director of Regeneration, Economy and Growth advised that strategic sites in County Durham were linked to well-placed strategic road corridors. In relation to the key strategic employment sites that had been identified, the forecasted jobs were as follows;

- Aykley Heads = 4000
- Forrest Park = 3200
- Integra 61 = 5000
- Jade = 2500
- NETPark phase 3 = 1300

NETPark was a more developed site with over 600 employees currently on site following development over the last ten years. These sites were important in terms of the volume and quality of jobs offered and linked to the investment figures provided earlier in the presentation. However, they were not the only industrial or employment sites in the County and there were a number of development land sites in different localities across the county which were collectively important to the jobs and productivity numbers the Council wanted to achieve.

In relation to business and employability support the Corporate Director of Regeneration, Economy and Growth highlighted that the service provided targeted

business and employability support, which included help to navigate both funding and support available.

In relation to business support, the Council had engaged with almost 2000 businesses in 2021, helping them to navigate various funding opportunities and support available. The Council worked in partnership with various colleges and Durham University to drive opportunity. There was various employability support available at every stage of the journey, including support to get people back into work to supporting higher level skills development. Some of the support schemes available were European funded and it was therefore important that County Durham looked at the Shared Prosperity Fund to develop existing support and more and better services.

The Corporate Director of Regeneration, Economy and Growth advised that in relation to Housing there were a wide range of services that supported the very vulnerable in the County to wider programmes such as the Council Housing Delivery Programme. In relation to housing targets, such as the 25000 new homes to be delivered in the County Durham Plan, the Corporate Director advised that the number of affordable homes delivered was very important and more needed to be delivered in the County. Therefore, programmes such as the Council Housing Delivery Programme and other solutions were very important.

With regards to Leisure and Heritage, the Corporate Director of Regeneration, Economy and Growth highlighted that three new Leisure Centres were planned for County Durham, in addition to the refurbishment of the Gala Theatre, the Empire Theatre and Bishop Auckland Town Hall which had taken place. In addition, the County had a range of various festivals that were taking place and were delivered by the Regeneration, Economy and Growth Service Grouping, including the Seaham and Bishop Auckland Food Festivals, the Book Festival and Lumiere.

In relation to transport the Corporate Director informed members that public transport was a challenging area particularly during the pandemic, usage had been down 65% in 20/21 with one in three people in the County relying on public transport. The service delivered strategic transport schemes including the improvement of Durham Bus Station, enabling works on the A19 for Jade Business Park, NETPark on site infrastructure, A1M/ Integra 61 works and the expansion of Durham Park and Ride.

With regards to the Levelling Up Fund Bid for North West Durham there was a £20m request from Government: £5m match funding, the re-routing of the A68 to bypass Toft Hill, Re-opening of Whorlton Bridge to traffic and the enabling of locomotion building 2 and local infrastructure improvements. Local improvements undertaken included improved walking and cycling links, the repair to Elvet bridge and various local junction improvements.

The Corporate Land and Property service is key to managing the Council's estate and was also leading on a huge number of construction projects across the county with 218 projects, some live and some at feasibility stage with the current value of projects at £250m.

The Corporate Director of Regeneration, Economy and Growth gave examples of external funding and investment, and in relation to the private sector, Milburngate was delivered in partnership with a private property company to deliver Office and Leisure accommodation to secure growth in the County.

In relation to the EU structural funds which had provided significant investment over the last seven years, there was a need to secure significant funding from the Shared Prosperity Fund to deliver the skills and business support in order to continue to secure capital investment in the County. In relation to funding from Central Government and Government Agencies it was highlighted that County Durham needed to be successful in future funding bids and a bid had been submitted to the Levelling Up Fund which had been included in the Prime Minister's recent announcement regarding devolution as part of levelling up process.

With regards to Social Value, the Corporate Director of Regeneration, Economy and Growth advised that jobs and investment needed to be accessible to local communities. Durham County Council was one of the top local authorities in relation to social value with 46% of total spend going locally. The Corporate Director referred to the 10 procurement initiatives which gave local companies the best opportunity to secure contracts and deliver local employment and apprenticeships and confirmed that the authority was committed to do more.

The service was continuing to support the Climate Emergency and there was a role for economy in the Climate Emergency with teams in Regeneration, Economy and Growth, delivering a range of projects with colleagues in Neighbourhoods and Climate Change to provide a strategic response to this issue.

The service also engaged with a number of partnerships at a local level such as the County Durham Economic Partnership, a range of regional partnerships including the NELEP, NECA, North East Joint Transport Committee, the Northern Powerhouse and Transport for the North, various national bodies and membership organisations such as the North East Chamber of Commerce and the County Council's network. The Corporate Director of Regeneration, Economy and Growth advised that it was important to drive as a team, working together cohesively on such large agendas.

Mrs R Morris, co-opted member made reference to paragraph eight of the report and asked why County Durham's workforce had lower levels of education and training than the national average. In addition, she referred to the climate emergency and asked whether each area of the county would have an individual

Carbon Emergency Response Plan with actions identified to meet targets and gave the example of area plans for electric vehicle charging points.

The Corporate Director, Regeneration, Economy and Growth confirmed that the Climate Emergency Response Plan was to address what action was to be taken as a Council and nationally, however she offered to have an individual discussion following the meeting to discuss the question raised.

In relation to skills and education, the Corporate Director, Regeneration, Economy and Growth advised that some schools performed above average level with students going to Russell Universities. However, it was a mixed picture across the County with pockets of strong skills in the County and Durham performed well in relation to income however there were not the same opportunities across the County and the future strategy would address this.

The Strategy Manager, Regeneration, Economy and Growth added that the level of education and training in the County reflected employment demand and that those with high levels skills often left the County, however the Council were trying to change this trend.

Mrs Morris continued that if a young person was in an area that required improvement to Ofsted standard, there was an issue and she asked what support was available for young people to get the skills needed for the current growth sectors and future growth sectors. She advised that predictions had confirmed that 1 in 16 over the next 10 years, would need to change industry and she looked forward in due course to hearing what was being done to address this.

Councillor Deinali noted the focus on connectivity in the report and presentation and advised that in relation to her locality, public transport provision was poor. Despite the Climate Emergency focusing on encouraging residents to walk, cycle or to use public transport to reduce car journeys, there was increased car ownership due to the poor public transport provision, which had also caused problems with parking in her local community. She asked what the Council were doing to improve transport provision and how they intended to develop the network of electric vehicle charging points in villages.

The Corporate Director, Regeneration, Economy and Growth advised that County Durham was 92% rural which caused issues with the viability of public transport as service providers needed to deliver profitable services, therefore provision in County Durham was heavily subsidised with services not always having the frequency required by local communities. There was a need to push nationally for better public transport provision particularly to be bespoke to rural areas. The Council were working with larger businesses to develop transport provision for employees, such as the Wheels to Work programme, however, County Durham needed a dedicated transport strategy.

There were 12 ongoing cycling and walking improvement plans, however, they did not come with funding from Central Government, but the plans ensured that the Council were in a position to bid for funding and ready for investment. Work was taking place across the County on cycling routes.

The Corporate Director of Regeneration, Economy and Growth agreed to provide further details following the meeting, of the proposed electric vehicle charging point network which included 160 charging points, mainly in villages.

Councillor Ormerod referred to the former link between County Durham and North Riding of Yorkshire and advised that Durham served a vast swathe of North Yorkshire, which had a saleable brand and he wondered whether this was promoted enough and in his opinion, Durham could do more in the South West of the County by making more of the North Yorkshire link. He continued that there had been some discussions in the past of bringing the Tour De Yorkshire cycle race to south of the County, south of the Tees and he asked whether the Corporate Director could provide an update.

The Corporate Director of Regeneration, Economy and Growth agreed that County Durham has a lot more to offer in terms of tourism and she had been blown away as a visitor to County Durham prior to her appointment. The assets of County Durham needed to be articulated in a way that was navigable for tourists. She continued that North Yorkshire visitor figures were higher, but it was a larger County, and tourists visited parts of Yorkshire.

The Corporate Director confirmed that County Durham had very recently submitted a bid for City of Culture which would have a similar effect as the Tour de Yorkshire, bringing people collectively together for an event and she would investigate the suggestion of a cycling event.

Councillor Miller echoed the issues in relation to transport provision in the East of the County, particularly in his division. His question related to 'More and Better Jobs' and the 4000 planned jobs for the Aykley Heads site and he queried the impact in relation to the County Durham Plan and the 4000 planned jobs if the Council's headquarters were to remain at Aykley Heads.

The Corporate Director of Regeneration, Economy and Growth advised that this issue would be covered in the report that would be considered by Cabinet in September and continued that any impact on Aykley Heads and the potential for the development would be a material consideration. Work would be undertaken to understand the impact on the development, which remained a strategic priority for the Council.

Councillor Sterling commented that there had been changes to how people were working, with many now working from home, however many did not have the correct equipment and desk space to work remotely. She asked whether there were any

plans to use the Councils property assets and business spaces to create suitable remote working environments in local communities which would also assist with transport issues, enabling people to working locally.

The Corporate Director, Regeneration, Economy and Growth advised that there would undoubtedly be changes post COVID-19 but in terms of Council owned operational buildings, there was no specific plan to include public space. The Council had been consolidating operational space and were at capacity when factoring in COVID-19 safety requirements, however there was incubator space for smaller businesses and there were plans to develop projects such as community hubs in leisure centres and libraries.

Councillor Sterling confirmed that she was a tenant at Consett and there was a lot of available space. She commented that she would encourage Business Durham to look at all properties as there was a lot of space that could be opened up for community use, including meeting and training rooms that were not being used at the moment. The Corporate Director agreed to consider this further following the meeting.

Councillor Abley advised that he was interested to know the key drivers for County Durham's economy and whether they were different from the national average and comparisons with other Authorities. The Corporate Director of Regeneration, Economy and Growth referred to the forward plan and confirmed that there was an opportunity to discuss the economy in more detail. In relation to the drivers, County Durham had a good mix, particularly in manufacturing and advanced manufacturing and logistics, which resulted in relatively healthy income levels close to national average. However, when considering the total the economy and all businesses, for the outcome produced, it costed more than other areas. This could be a symptom of skills, transport and dispersal in relation to markets. Work would be undertaken to consider this in more detail and identify what the issues were and the Council's response to them.

The Strategy Manager, Regeneration, Economy and Growth advised that the Council had to consider future opportunities; there was already interest in areas such as logistics and the Council should take advantage of emerging areas such as the green economy and local carbon economy to bridge the gap. Consideration and analysis on emerging markets and skills would be included in the strategy process over the next 12 months.

He continued that with regards to the economy there were various issues but attracting investment was a key priority. County Durham had traditional low land value, which resulted in long waits for return on investment and therefore the key was to attract investors to invest in first place and stay for a return on their investment.

Councillor Charlton-Lainé confirmed that she was also a Member of Adult Wellbeing and Health Overview and Scrutiny Committee and was aware that there were changes to services in hospitals across the Durham, South Tyneside and Sunderland. She asked if there were any plans to support areas in relation to public transport provision where there are weak transport links, particularly Seaham, to respond to service changes in relation to outpatient services and procedures.

The Strategy Manager, Regeneration, Economy and Growth advised that there was regular ongoing dialogue with providers where health services were being changed to ensure the public could still access provision, however he was not aware of anything specifically in relation to Seaham. The Corporate Director agreed to provide a written response following the meeting.

The Chair queried the accuracy of the number of jobs projected from the key strategic sites as he could only find 16000 which was far less than the 30000 quoted.

The Chair then referred to the Leisure Centre Transformation Programme and commented that there are no start or delivery dates referenced. With regards to the new centre planned for Chester- le-Street, he sought clarification on the start and delivery dates and sought clarification as to whether the £78m quoted as the cost of the programme was correct or whether it could be less.

The Chair referred to the visitor numbers in County Durham and in his opinion the County did not don't make the most of its assets and with a predicted fall of 40-50% as a result of the pandemic, he asked whether there was a strategy to attract staycation visitors.

The Corporate Director of Regeneration, Economy and Growth advised that a forecasting process sat behind the job projection figures and was encapsulated in the County Durham Vision 2035. Some of the numbers were predicted from the larger sites however the total number was with regards to the accumulative total across the County. The Strategy Manager, Regeneration, Economy and Growth confirmed that the figure of 30,000 jobs was rooted in the development of the County Durham Plan and explained that in the development of both the first plan which had been withdrawn and the subsequent second plan, there was not a requirement for job numbers but there was a requirement for spatial land use. In the adopted plan, 300 hectares of employment land had been identified and the Inspector had asked for an assessment of job uses and number projections in relation to that. Colleagues in planning used the HCA Job Density Calculation so depending upon what use would be made of the site, this had resulted in a figure of 32,671 jobs, rounded down to 30,000.

The Corporate Director for Regeneration Economy and Growth responded that in relation to the Leisure Centre Transformation Programme this was one of the largest in the country and had been developed during the pandemic. It was largely

a self-financing model, however progress had been delayed as engagement had to be undertaken with local communities on what was being proposed, and the programme could not be finalised until a consultation had taken place. The Council has been working on the wider programme and it was proposed that a final programme would be available around the end of the 2021. The Council will work to keep the budget as tight as possible as the programme is self-financing. Further reports would be going to Cabinet.

In relation to footfall, County Durham did have the highest number but not in duration of stay, there was work to do in getting tourists to stay for more than 1 night and this would have a huge impact on the economy. A strategy was being discussed which could be shared with the Committee, to look at how assets could be connected via transport and the quality and quantity of accommodation, particularly for families.

The Corporate Director of Regeneration, Economy and Growth highlighted the successful Bishop Auckland Town Fund bid, which had been the highest single bid (£33m) resulting in big investments that would unlock the visitor economy, allowing the town to compete nationally.

The Chair advised that going forward Overview and Scrutiny will need more detail and data, particularly in relation to the Leisure Centre Transformation Programme as people were interested to know details, including timelines. Finally, he suggested the number of jobs quoted in relation to More and Better jobs should be updated to be factual rather than predicted numbers that were post COVID-19.

Resolved

Members noted and commented upon the information provided in the report and presentation.

7 Quarter Four 2020/21 - Performance Management Report:

The Committee considered a report of the Corporate Director of Resources which presented progress towards achieving the key outcomes of the council's corporate performance framework (for copies see file of minutes).

The Corporate Scrutiny and Strategy Manager informed the committee that the report was a regular quarterly performance monitoring report which was considered by Cabinet and then divided up and presented to the various Overview and Scrutiny Committees after consideration by the Corporate Overview and Scrutiny Management Board (COSMB). The report covered the period ending 31 March 2021 and was an end of year report reflecting on the previous year which had been dominated by the impact of COVID-19.

He continued that previously the report had been used to identify areas of underperformance for and identified areas for scrutiny activity. The Corporate Scrutiny and Strategy Manager then highlighted that he was open to suggestions on how to make the report more meaningful to members and confirmed that the report was structured around the ambitions in the vision and the Council Plan.

The Corporate Scrutiny and Strategy Manager highlighted key performance areas contained in the report commenting upon performance during quarter four.

Councillor Deinali referred to the reference to More and Better jobs and high skilled jobs and noted that many jobs regarded to as essential were not valued prior to the pandemic and were paid national minimum wage. She asked for examples of high value, skilled jobs and queried what was being done to encourage and promote social value, getting young people into jobs that were valued and contributed to the community, rather than a highly paid job.

The Corporate Scrutiny and Strategy Manager advised that the County Councils Regeneration Statement went up to 2022 and an Economic Strategy was in the process of being produced. The Regeneration Statement included targets on Gross Disposal Household Income and the Council was trying to increase that in terms of comparisons with regional and national figures. In relation to 'more jobs', the County needed to increase the employment rate, with more people in employment and with regards to 'better jobs' there was a need to increase Disposal Household Income and the Gross Value Added, level of productivity in the County Durham economy. There had been no definition of a 'better job' however there was a target to increase how County Durham compared with regional and national averages.

Resolved

That the Economy and Enterprise Overview and Scrutiny Committee notes the overall position and direction of travel in relation to quarter four 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.

8 Refresh of the Work Programme 2021/22:

The Committee considered a report of the Corporate Director of Resources (Interim) which provided an updated draft work programme for 2021/22 (for copies see file of minutes).

The Overview and Scrutiny Officer asked Members to consider and discuss the draft work programme which had been informed by key documents including: the County Durham Vision; the Council Plan; Cabinet's Notice of Key Decisions; performance and budgetary control data; various partnership plans and strategies

and local priorities. In addition, it included areas prioritised in the previous work programme for 2020/21.

The work programme was flexible to accommodate any additional items that would arise and it identified items prioritised by the Chair and Vice-chair for consideration. The Committee had been allocated five meeting dates to run from September 2021 to May 2022 and the draft work programme identified agenda items to be considered at formal meetings of the committee and those that would be delivered via briefing reports throughout the life cycle of the work programme.

Councillor Manchester suggested that Housing, in particular empty homes should be considered as part of the work programme. The work of the empty homes team had been impacted by the pandemic and there had been an increase in enquiries to the homelessness service. The Chair advised that he had received an email from Councillor Marshall about the inclusion of housing in the working programme and he noted that a lot of time had been spent on the issue the previous year, however he would consider the requests.

Mrs Morris queried whether strategic job creation would include training strategies and skills development and the Chair replied that the Committee would be considering the Strategic Employment Sites in particular but he would ask that training be included.

Councillor Deinali referred to the increase in electric vehicles and asked whether there were any plans to increase hard shoulder provision on A19 as electric vehicles could not be towed or pushed and must be removed by a recovery vehicle. The Chair advised that this point would be passed on to appropriate colleagues.

Councillor Townsend requested that museums and tourism be included in the work programme as well as the plans and progression for Stockton and Darlington Railway Bicentennial Celebrations as there was a need for this Committee and also overlapping Committees to be involved. The Chair agreed and advised that Chairs and Vice Chairs would meet and discuss overlapping items.

Resolved

That members of the Economy and Enterprise OSC received and commented on the proposed draft work programme for 2021/22.

9 Minutes from the County Durham Economic Partnership meeting

The Committee considered the minutes from the County Durham Economic Partnership meeting held on 5 May 2021 (for copy see file of minutes).

The Chair had been surprised to read the statement that there was no Economic Strategy for the County and looked forward to rectifying this.

Resolved

That the minutes be noted.

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Economy and Enterprise**Overview and Scrutiny Committee****20 September 2021****Strategic Job Creation Plan****Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth****Electoral division(s) affected:**

Countywide

Purpose of the Report

- 1 To outline the role of the new Economic Strategy in supporting the creation of jobs and development of our workforce.

Executive Summary

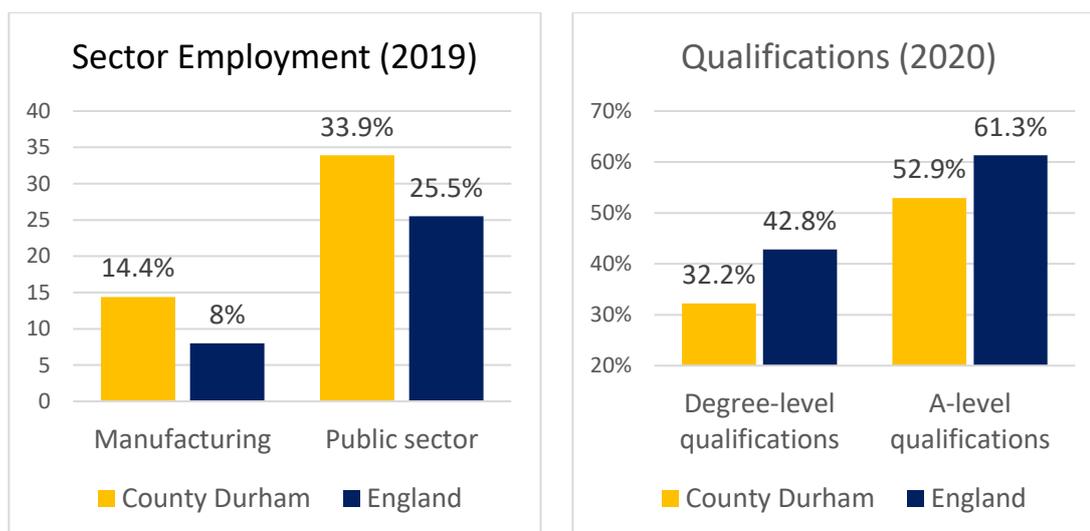
- 2 County Durham is the largest economy in the North East with more than quarter of a million workers but faces a number of workforce challenges which means we lag national levels of growth. We currently operate a range of employability programmes which aim to address some of our social mobility and economic challenges.
- 3 The council supports substantial developments and investments with enabling infrastructure such as transport, property development, and land remediation and deploy highly ambitious external funding programmes to support these. Furthermore, providing land and premises and supporting thriving town centres attracts new jobs, investment, and new businesses to the county.
- 4 This report and accompanying presentation set out some of the evidence on workforce challenges and opportunities and what employability services we already offer to businesses and residents. The Economy and Enterprise Overview and Scrutiny Committee will play a key role in developing a new Economic Strategy for the County from Autumn 2021 onwards, which will support new job opportunities and shape future employability programmes.

Recommendations

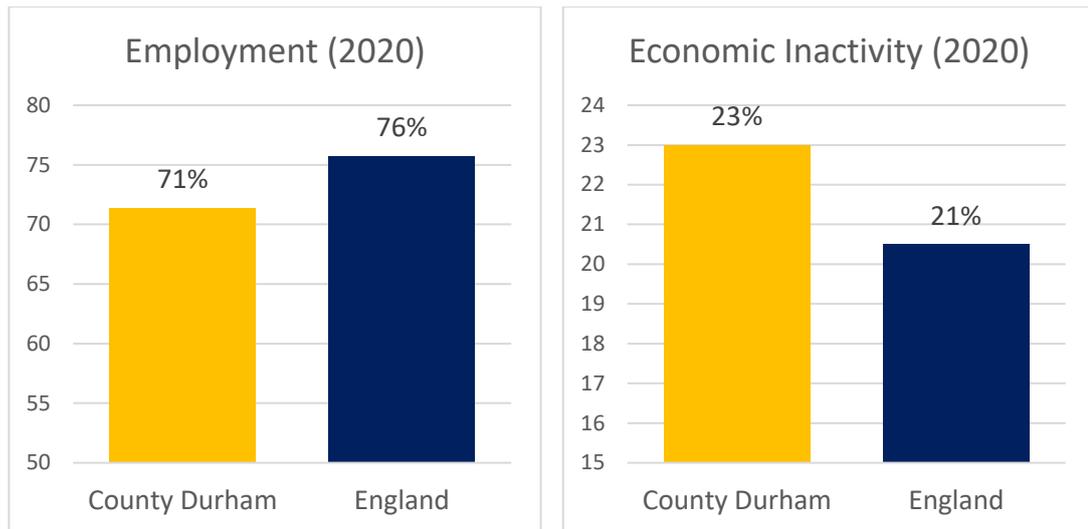
- 5 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and accompanying presentation.

Background

- 6 County Durham has a large economy with a workforce of more than a quarter of a million workers; but has traditionally lagged behind national levels of performance. If we had matched national performance in the last decade there would be 11,600 more jobs in the County. The County has a different sector base to the national economy, with a notably larger manufacturing and public sector base and relatively small private sector.
- 7 Our workforce generally has lower levels of education than the national average at A-Level equivalent and degree equivalent levels and a skilled workforce is an important measure to attract and sustain employment to the county.



- 8 Employment levels are traditionally lower than the national average and, similarly, unemployment levels are higher at 6% compared to 5% nationally. Although schools are performing well, the county has a high proportion of workers with lower level education and skills and a high proportion of people of working age (23%) who cannot or do not work (known as 'economic inactivity').



9 Consistent with national trends, there is evidence that there are emerging shortages in some areas of the economy such as delivery drivers, health and social care staff, teachers, ICT professionals and hospitality staff. These jobs often require specialist qualifications and accredited skills which take years to acquire. Some of these issues arise from the Covid crisis and Brexit and may be temporary, but nevertheless are affecting our businesses and economy. There are also longer-term issues that we need to try to address such as

- apprenticeships in smaller businesses (which make up 98% of our business base),
- a lack of young people with transferrable business skills,
- the need for more funding to support employability programmes,
- a need for more streamlined information, advice and guidance for people looking for work and
- ensuring good transport access to employment opportunities

10 In order to take advantage of opportunities and tackle challenges the council has and will continue to take a collaborative approach and work in partnership with a wide range of local, regional, and national bodies. We need to continue to work in partnership with developers and investors to bring a variety of new businesses and jobs to the County and diversify our economy.

Social Infrastructure and Skills

11 The council has a successful partnership model which has allowed us to offer a range of employment support services in partnership with other funders and providers. We currently offer a range of support including

services for those affected by the Covid crisis, digital skills support, apprenticeships, training and skills development, support for businesses making redundancies and workers who are made redundant, and recruitment advice to businesses. Our directly delivered adult employability programmes include:

- **Durham Advance:** Support for over 25s with health conditions or disabilities or are over 50 years of age
- **Employability Mentoring Programme:** Over 25 and living in Spennymoor, Bishop Auckland or Shildon
- **North Durham Assist:** Over 25 and living in Chester-le-Street or Stanley
- **LINKCD:** Over 18 with multiple and complex barriers to employment
- **FLEX:** Over 25 and need employability support due to Covid
- **Refugee Mentoring Programme:** Eligible adults resettled in County Durham as a part of the Vulnerable Persons Resettlement Scheme

12 Some of the successful programmes we operate include Durham Works, one of 22 large scale Youth Employment Initiative projects nationally which was funded by the EU and has offered a range of services to young people (aged 15-24) who are not in education, employment, or training (aka 'NEET'). This programme delivered by the Council alongside seven delivery partners seeks to support 10,000 young people through improving skills or directly accessing employment over its lifetime.

13 With a focus on workplace skills and company entry requirements , we also support businesses that are locating or setting-up new facilities in the County such as Amazon who opened in 2020 near Bowburn and created more than 1,000 jobs. A significant proportion of the initial recruitment was secured through 'employment routeway' programme.

Economic Infrastructure

14 The Council takes a strategic role in the development of infrastructure that enables and secures private sector developments, investments, and jobs. In many parts of the County land values are low and it is necessary for the council to work with private developers and other infrastructure providers to help facilitate developments through constructing access roads, improving junctions, ensuring the site has sufficient power, and other enabling measures. We seek to work with partners such as the North East Local Enterprise Partnership, the

Highways Agency and Northern Powergrid to co-fund and coordinate the necessary infrastructure to secure new businesses and jobs.

- 15 External funding is vital for supporting a range of regeneration and economic development functions and we have been successful in securing significant levels of investment from the European Structural Investment Funds, the North East Local Enterprise Partnership and the various agencies of the Government. Officers are constantly horizon scanning to identify opportunities to bid for funding, particularly 'gap funding' delivered through the Local Growth Fund, alongside wide ranging programmes providing specific sectoral or geographic opportunities such as the Levelling up Fund, Future High Streets Fund, Towns Fund and the Community Renewal Fund.
- 16 In addition to accessing and managing external funding, the Council supports development and job creation agenda through direct funding support through programmes such as Finance Durham as well as taking an active role in property development. This can include:
 - Development and management of a workspace portfolio
 - Speculative workspace development
 - Undertaking strategic acquisitions and
 - Supporting headleases where commercial.
- 17 A wide range of Council services support the development and job creation ambitions with a continued focus on the delivery of Transport enabling infrastructure. Specific programmes such as the Transforming cities fund alongside our established Local Transport Plan ensure good access and movement at our key employment sites ensuring we support the existing employment base while providing new opportunities for growth and diversification.
- 18 The County Durham plan sets out 300 hectares of employment land policies for town centres which will be vital in helping us to attract businesses, investors, and jobs to the county. Our towns, sites and premises also support the expansion of existing businesses and support enterprising people that want to set-up in business. Scrutiny Committee Members will receive a separate report and presentation on our five Strategic Employment Sites which will be vital in attracting new jobs to the County:
 - Aykley Heads, Durham (56 hectares)
 - Forrest Park, Newton Aycliffe (54 hectares)

- Integra 61, Bowburn (89 hectares)
- Jade Business Park, Murton (22 hectares)
- NETPark, Sedgefield (200 hectares)

19 The development of a new Economic Strategy will replace a range of existing strategies including the Regeneration Statement, which have supported economic programmes and projects for several years. The development of a new strategy allows us to evaluate successful programmes and develop an action plan that supports job creation and helps to get local people into those jobs. However, the key challenges will continue to be tackling deep-rooted weaknesses in the economy and labour market and securing sufficient funding to tackle long-term and emerging issues.

Conclusion

20 The ambition of the County and the new Economic Strategy will be vital for setting out the County's plan for securing new jobs and getting people into work, building on existing programmes and enabling activity. The Economy and Enterprise Overview and Scrutiny Committee will play a key role in developing the strategy from Autumn 2021 onwards.

Background papers:

None

Contact:

Glenn Martin	03000 263423
Graham Wood	03000 262002

Appendix 1: Implications

Legal Implications

None directly related to this report

Finance

Multiple external funding streams support the Job creation agenda. The majority of large scale employment support activity connecting residents with opportunities across the County since 2016 has been supported through the European Social Fund. To date, £50,546,711 ESF has been allocated or committed for access to the labour market opportunities while £19,870,651 ESF has been made available for skills development activities.

Consultation

Development of the Economic Strategy will include a consultation and engagement programme continuing the partnership approach to this area of work.

Equality and Diversity / Public Sector Equality Duty

Job creation plans include specific programmes to support groups with certain protected characteristics.

Human Rights

None directly related to this report

Climate Change

None directly related to this report

Crime and Disorder

None directly related to this report

Staffing

None directly related to this report

Accommodation

None directly related to this report

Risk

Significant elements of resourcing supporting job creation and workforce development are sourced from European monies which cease in December

2023. Ensuring emerging funding opportunities, not currently defined, provide adequate allocations to deliver job creation and workforce development opportunities remains a critical issue.

Procurement

None directly related to this report

Strategic Job Creation Plan

Amy Harhoff

Corporate Director Regeneration, Economy and Growth



Economic Strategy Landscape

County Durham

- Regeneration Statement (2012 to 2022)
- Business and Enterprise Framework
- Skills Strategy
- County Durham Vision (to 2035)
- County Durham Plan (to 2035)

North East Local Enterprise Partnership

- Strategic Economic Plan

Government

- Plan for Growth (2021)
- Plan for Jobs (2020)

New County Durham Economic Strategy

- To replace:
 - Regeneration Statement
 - Business and Enterprise Framework
 - Skills Strategy
- To deliver County Durham Vision priorities

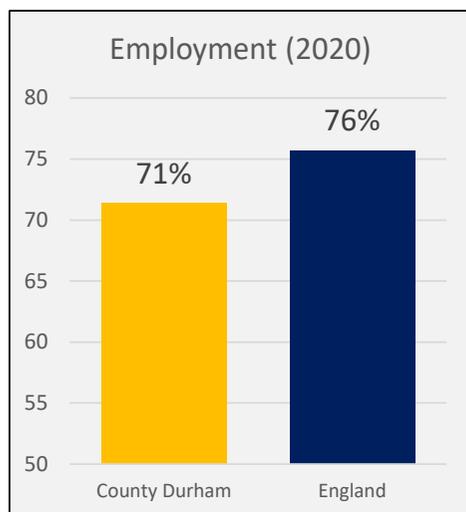
Timeline

- Economic Review completed March 2021
- Economic Statement > Scrutiny October 2021
- Consultation > 2021/22
 - What are your views?
- Completion > Summer 2022

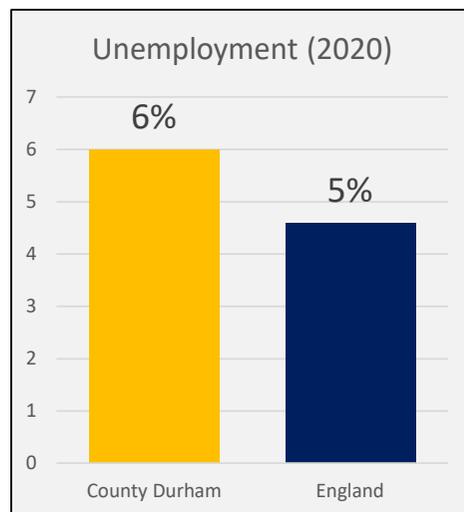
REG: Economic Development Functions

Corporate Director of Regeneration, Economy and Growth <i>Amy Harhoff</i>		
Transport and Contract Services <i>Dave Wafer (Interim)</i>	<ul style="list-style-type: none"> Care Connect / CCTV Strategic Traffic 	<ul style="list-style-type: none"> Integrated Passenger Transport
Communications and Marketing <i>Michelle Atkinson</i> <i>Maureen Dixon-Berne (Interim)</i>	<ul style="list-style-type: none"> Press and publications Internal and external marketing and communications 	<ul style="list-style-type: none"> Digital services Branding Covid communications
Corporate Land and Property <i>Susan Robinson</i>	<ul style="list-style-type: none"> Strategy and property management Buildings and facilities management 	<ul style="list-style-type: none"> Construction consultancy services
Development and Housing <i>Geoff Paul (Interim)</i>	<ul style="list-style-type: none"> Strategy and project development Spatial planning Planning development Building control 	<ul style="list-style-type: none"> Economic development Housing development Housing solutions Funding and programmes
Culture, Sport and Tourism <i>Alison Clark</i>	<ul style="list-style-type: none"> Leisure Infrastructure and development Culture 	<ul style="list-style-type: none"> Wellbeing and partnerships Tourism (Visit County Durham)
Business Durham <i>Sarah Slaven (Interim)</i>	<ul style="list-style-type: none"> Property and business services Inward Investment 	<ul style="list-style-type: none"> Business engagement Marketing

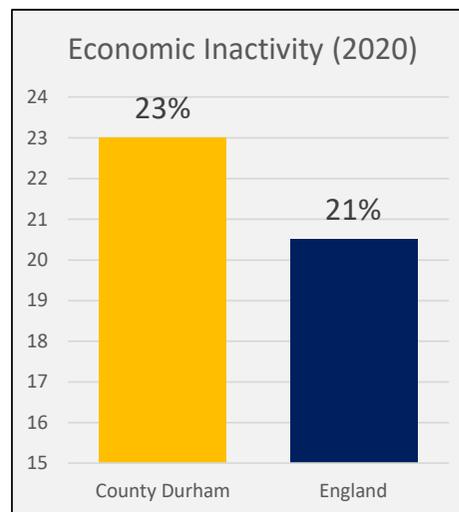
Long-term labour market issues



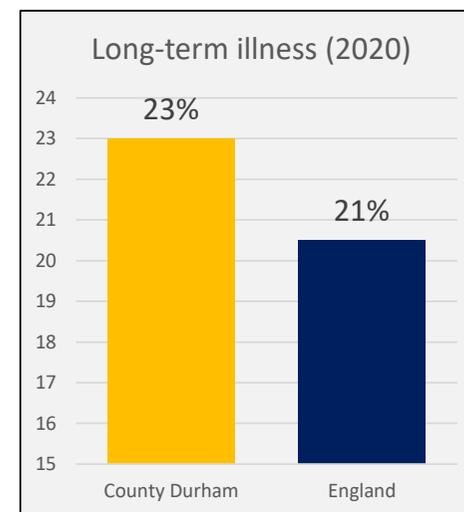
We have a lower employment rate



...and a higher unemployment rate



...with high rates of economic inactivity (e.g. people not in work and not seeking work)



...due to higher levels of long-term illness

Economic Review: Weaknesses & Challenges

- The County has much higher proportions employed in lower skilled occupations (e.g. caring & leisure roles, elementary occupations, plant & machine operatives)
 - Many routine jobs are at threat from new technologies
- Very poor ICT and financial and insurance services sector in County Durham
 - Productivity per job is less than half of the UK average
- Too few people working in highly skilled occupations and there are recruitment issues relating to senior and experienced staff across most sectors
- Research and development spend per employee was just £722 in the North East region in 2018
 - This is the second lowest investment per job in the English regions (Yorkshire and the Humber = £661)

Recent labour market challenges

Shortages of skilled workers, such as:

- Delivery drivers
- Fork lift truck operators
- Health and social care staff
- Skilled trades
- Teachers
- ICT professionals

Also...

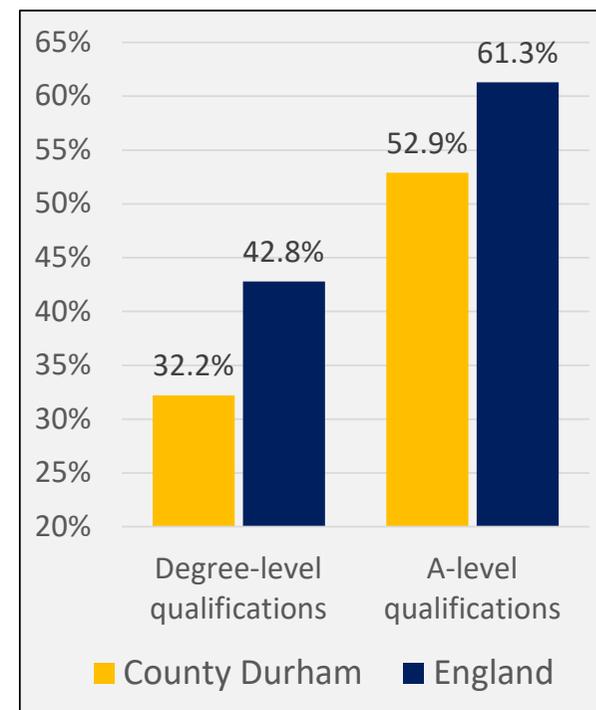
- Hospitality staff
- Storage occupations
- Security guards

Other issues:

- Apprenticeships are too expensive for many small businesses
- Businesses feel school-leavers do not have basic, transferrable competencies such as communication, ICT, and organisation skills
- EU funding has been critical for upskilling and retraining people but funding is ending
- Keeping track of redundancies has been difficult – some announced but not made
- Information, advice and guidance is fractured - too many organisations involved – difficult for those in need to find what they need

Education results / school performance

- The majority of primary schools in the County are good or outstanding
- Schools across the County 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
- However, we have far fewer residents with A-Level and degree equivalent education than the national average
- There is a small but significant group of young people who perform very poorly at school, with a serious and long term effect on their life prospects



Partnerships are key to growth & job creation

County Durham Economic Partnership

- More than 50 members from private, public and third sector
- Key role in development of strategies and action plans
- New private sector chair (Glyn Llewellyn, Morton Solicitors)
- Supported by Durham County Council

Also

- North East Local Economic Partnership: funding & Government representation
- North East Combined Authority: governance, coordination, transport
- Inward investors and private developers: DCC enables developments & jobs
- Government departments: operational funding, infrastructure, town centres

Strengths & Opportunities

- Significant employment growth; 10,500 additional jobs since 2009
- Manufacturing is a key sector
 - A large and diverse company base supporting 25,000 jobs
 - Employee productivity in manufacturing exceeds the national average
 - It has remained strong during Covid but may be affected by Brexit
- Health sector has a very large employment base in the County
 - Brexit may affect the ability to fill job opportunities

Skills and Education Objectives

County Durham Vision: More and Better Jobs

- Employment sites
- Strong, competitive economy
- Broader visitor experience
- **Education, training and employment for young people**
- **Help all people into work**
- **Fewer people affected by poverty and deprivation**

Employability support offered

- Covid-19 support
- Digital skills
- Apprenticeships
- Training and skills development
- Redundancy support
- Recruitment advice

Direct Delivery

Organisation	Programme	2021				2022				2023				2024				2025				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Employability Durham (DCC)	Durham Advance	Apr-21											Dec-23									
Employability Durham (DCC)	LINKCD	Apr-21						Dec-22														
Employability Durham (DCC)	CLLD				Dec-21			Dec-22														
Employability Durham (DCC)	FLEX	Apr-21																				Dec-23
Adult Learning & Skills Service (DCC)	DurhamWorks				Dec-21																	Dec-23
Adult Learning & Skills Service (DCC)	Durham Directions (1.2)																					Dec-23
Adult Learning & Skills Service (DCC)	Durham Enable (1.4)																					Dec-23
Adult Learning & Skills Service (DCC)	Youth Hubs					Mar-22																
Adult Learning & Skills Service (DCC)	DurhamWorks Futures	Jun-21																				Dec-23

Enabling Economic Infrastructure

A key Strategic role in the development of infrastructure which secures private development , investment and jobs.

- Undertaking physical works including constructing access roads, improving junctions, ensuring the site has sufficient power
- Sourcing and securing external funding to address development gaps, along with Sector and geographically targeted programmes
- Undertaking an active role in property developments to secure business attraction and growth
- Direct Business support and enabling the conditions for business attraction, formation and growth

Case Study: DurhamWorks

DurhamWorks is a dedicated programme for young people aged 16-24 living in County Durham who are not in education, employment or training.

- DurhamWorks is funded by The European Social Fund, supported by the European Youth Employment Initiative and delivery partners
- Funding is available until December 2021, by then we aim to have supported nearly 10,000 young people
- We are a partnership programme between Durham County Council and 7 organisations

DurhamWorks provides

- One to One support with a dedicated member of the team
- Helping you find out what you want to do
- Getting you the skills and qualifications, you need
- Finding you the experience, you need
- Supporting with benefits, housing, care arrangements
- Helping you into work, volunteering, further learning or training
- In work support and aftercare up until December 2021



Case Study: Employability Durham



**Employability
Durham**

Qualified advisers working across County Durham to support adults towards employment and training

- Four programmes funded by European Social Fund supporting those in deprived areas and furthest from the labour market currently supporting 2000+ residents
- Specialist support for refugees resettled in County Durham
- FLEX programme designed in response to Covid pressures

- All programmes offer one to one tailored advice and guidance
- Identification of skills gaps, training needs and opportunities
- Links to specialist support to tackle all factors contributing to worklessness
- Adapted delivery due to pandemic and future focus is on both a face to face and digital offer

- Employer offer for recruitment support
- Rapid response to redundancy support for employers and employees (all ages) alongside Business Durham, Jobcentre Plus and National Careers Service



Employability Durham Programmes



Durham Advance	Employability Mentoring Project	North Durham Assist	LINKCD	FLEX	Refugee Mentoring Programme
<p>Over 25 with health conditions or disabilities OR those over 50</p> <p>Progress to Job Search, Improved Basic Skills, Employment or Self Employment</p> 	<p>Over 25 and living in Spennymoor, Bishop Auckland or <u>Shildon</u></p> <p>Progress to Job Search, Training, Employment or Self Employment</p> 	<p>Over 25 and living in Chester le Street or Stanley</p> <p>Progress to Job Search, Training, Employment or Self Employment</p> 	<p>Over 18 with multiple and complex barriers to employment</p> <p>Delivered alongside specialist delivery partners</p> <p>Progress to Job Search, Training, Employment or Self Employment</p> 	<p>Over 25 and need employability support due to COVID-19</p> <p>Progression is flexible, Emphasis on Improvement in Circumstances</p>	<p>Eligible adults resettled in County Durham as part of the Vulnerable Persons Resettlement Scheme</p> <p>Progression: Language Skills Confidence Self-advocacy Volunteering Education Training Employment</p>

Case Study: Amazon Recruitment Routeway

- Programme delivered by DCC and external providers
- Initial 1,000 jobs plus Christmas temp roles
- The initial Routeway handled:
 - 342 interviews offered
 - 92% attendance
 - 87% offered jobs

...**plus** ongoing recruitment to support turnover.



Routeways support extends to recruitment for the Fulfilment Centre in Darlington and the new centre in Gateshead

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Economy and Enterprise

Overview and Scrutiny Committee

20 September 2021

Strategic Employment Sites in

County Durham



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

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report and presentation provides members with an overview of the key strategic employment sites in County Durham.

Executive Summary

- 2 The County Durham Vision for 2035 is that County Durham is a place where there are more and better jobs, people live long and independent lives and our communities are well connected and supportive. The Vision identifies that in order to help people to create more and better jobs we will develop major employment sites across the county to build a strong, competitive and lower carbon economy, establishing the county as a premier place in the North East to do business.
- 3 The availability of suitable sites and property for business is one of the critical drivers in attracting businesses to create jobs in the county, as well as to enable existing businesses to expand and grow. However, a large proportion of industrial space in the county is old and is no longer fit for purpose, and there is a lack of modern quality industrial space.
- 4 Whilst the county is becoming more attractive to investors and developers, there still remains little speculative development of employment sites and premises, and therefore a key role for the Council in enabling developments to address this market failure. This can include investing in site infrastructure and sometimes taking a stake in the developments in order to make them financially viable to the private

sector, with the aim of ensuring there is a portfolio of employment land available to attract investment and businesses, to support the creation of more and better jobs in the county.

- 5 The strategic employment sites that are currently being developed are located in the major employment locations in the County along the A1 Corridor (Forrest Park, NETPark, Integra 61 and Aykley Heads) and the A19 corridor (Jade Business Park). These sites form an important part of our portfolio of employment sites that are set out in the County Durham Plan.

Recommendations

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

Background

- 7 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on 21 July 2021 members discussed and agreed the draft work programme of the committee. Included in the work programme and identified as a priority to come to formal committee was detail in relation to strategic job creation and key strategic employment sites in the county.
- 8 Arrangements have been made for relevant officers from the Regeneration, Economy and Growth Directorate to attend committee and provide members with the information they have requested.

Strategy

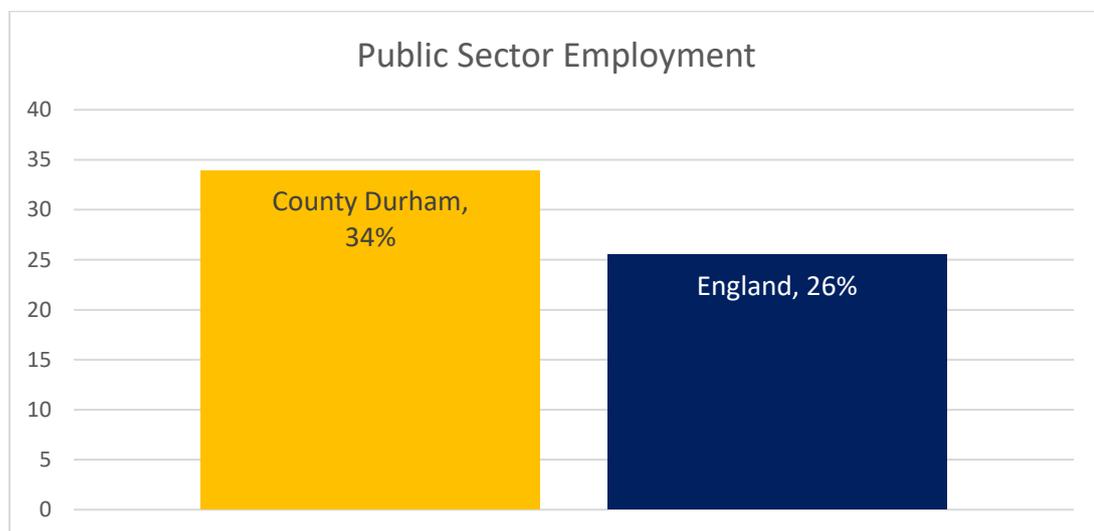
- 9 The County Durham Vision for 2035 is that County Durham is a place where there are more and better jobs, people live long and independent lives and our communities are well connected and supportive. The Vision identifies that in order to help people to create more and better jobs we will develop major employment sites across the county to build a strong, competitive and lower carbon economy, establishing the county as a premier place in the North East to do business.
- 10 The County Durham Vision document outlines six specific objectives to achieve more and better jobs across the whole county, with the first objective being:

We will deliver a range of accessible employment sites across the county

New and expanded employment sites across the county which are accessible to the labour market, will attract new employers, allow

expansion of existing businesses and respond to the changing needs of the business sector, as well as being located in areas of the county that offer good opportunities to attract investment, in line with the County Durham Plan.

- 11 The County Durham Plan, which was adopted in 2020, sets out a range of development proposals and planning policies for the county until 2035. 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.
- 12 Many of the county's industrial estates and business parks are on the sites of former mines, steelworks and other heavy industries which historically were the major employers in the county. Following the decline of these traditional industries, County Durham has successfully rebuilt its economy, with the engineering and manufacturing economy remaining a strength of the County and providing a significant source of employment. However, County Durham continues to be over-dependent on the public sector for jobs and there is an ongoing need to increase the size of the business base and to grow private sector employment. Our Strategic Employment Sites have the capacity to accommodate thousands of private sector jobs and help address this imbalance.



- 13 The availability of suitable sites and property for business is one of the critical drivers in attracting businesses to create jobs in the county, as well as to enable existing businesses to expand and grow. However, a large proportion of industrial space in the county is old and is no longer fit for purpose, and there is a lack of modern quality industrial space.

- 14 Whilst the county is becoming more attractive to investors and developers, there still remains little speculative development of employment sites and premises. Due to low land values and low demand in many parts of the County, the Council has a key role in enabling developments by investing in site infrastructure and sometimes taking a stake in the developments in order to make them financially viable to the private sector. 'Gap funding' from the public sector is often needed in County Durham and other parts of the north of England to make up for the shortfall in the end value of private developments. The overall aim, however, is to ensure there is a portfolio of employment land available to attract investment and businesses, and ultimately to support the creation of more and better jobs in the county.

Major Employment Locations in the County

- 15 The major employment sites in the County are concentrated in the following:
- A1 Corridor – the key industrial location
 - Durham City – the key office market
 - A19 Corridor – secondary industrial and office location

The A1 Corridor/Durham City

- 16 The A1 Corridor (including sites around Durham City) is the County's principal industrial location, containing a number of major employment locations. These include:
- (a) **Aycliffe Business Park** - a 400-acre industrial estate in the south of County Durham located close to the A1 with over 500 businesses and 10,000 employees. The Park is home to major employers such as Hitachi Rail, Gestamp Tallent, 3M, Ineos and Husqvarna among others. Aycliffe Business Park is a key location for inward investment and expansion of existing businesses, with potential for further expansion through the development of the **Forrest Park** strategic employment site.
- (b) **NETPark (The North East Technology Park), Sedgefield** – the region's premier science, engineering and technology park developed by the County Council. NETPark is home to 40 companies, including Kromek, Filtronic, IBEX Innovations and Polyphotonix and over 600 employees in specialist R&D, science-based, and high-tech sectors. It also benefits from having two National Catapult Centres on site – the High Value Manufacturing Catapult (managed by CPI) and the North East Centre of Excellence for Satellite Applications (managed by Business Durham) – as well as Durham University's Centre for

Advanced Instrumentation and Orbit, the recently opened University Enterprise Zone.

- (c) **Bowburn** – industrial estates within close proximity of Junction 61 of the A1 (M) which are home to a wide variety of businesses from distribution to office, including firms such as Brakes, High Force Research and the Esh Group. The estates are nearly fully developed out and significant additional space is now being provided at this location through the development of the new **Integra 61** strategic employment site.
- (d) **Durham City** – a key employment centre, with the largest office market, and home to significant public sector occupiers, as well as attracting private sector occupiers such as Atom Bank and Waterstons at Aykley Heads. Belmont industrial Estate and Business Park on the outskirts of the city has a growing number of professional services businesses and scientific companies such as Bruker. A lack of high-quality office space in and around Durham City had been identified as a constraint to growth in financial and professional services, and is being addressed through the Milburngate development and the plans for the **Aykley Heads** strategic employment site.

The A19 Corridor

- 17 **Peterlee Business Park** – the second largest industrial area in the county comprising Peterlee North West and South West Industrial Estates, Brackenhill Business Park and Whitehouse Business Park. Home to a range of multi-national companies including Caterpillar, NSK, ZF Automotive, as well as smaller engineering and manufacturing companies and a number of contact centres, such as Auxilis, HP, and HMRC.
- 18 **Seaham/Murton** – this employment location comprises modern office space and contact centres at Spectrum Business Park, home to a range of companies in the business and professional services, digital and IT sectors, including Great Annual Savings, ResQ, UMi and Believe Housing, as well as factory and industrial units at Foxcover, and the development of the new strategic employment site within a designated Enterprise Zone at **Jade Business Park**.

Other Employment Locations

- 19 In addition to the above strategic locations, 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. Work is ongoing to continue to modernise both office and industrial space across the County to ensure the provision of business

space meets the needs of the many smaller businesses in the County. However, this is not covered in this report which focuses specifically on the strategic employment sites.

Development of Strategic Employment Sites

- 20 The Council plays a key role in enabling the development of the key strategic employment sites in the County, in order to ensure there is a portfolio of employment land available to attract investment and businesses, to support the creation of more and better jobs in the county. The Council's involvement in each site varies, depending upon the ownership of the site and what is needed in terms of public sector support and infrastructure to enable the development to happen.
- 21 The strategic employment sites that are currently being developed in the county are summarised in table below:

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor						
<p>Forrest Park</p> <p><u>Location:</u> Off Junction 59 of the A1(M) at Aycliffe Business Park</p> <p><u>Website</u> https://forrestpark.co.uk/</p>	<p>A 55 hectare site with planning consent for more than 1.75 million sq. ft of industrial/distribution accommodation.</p> <p>This will comprise 11 Industrial Units ranging in size from 46,000 – 575,000 sq ft, a 50,000 sq ft trade park of 7 units ranging in size from 5,000 -10,000 sq ft, and a 60 bed Hotel & Pub development</p> <p>It forms an extension to Aycliffe Business Park, creating the largest industrial estate in the North East region.</p>	<p>A Joint venture – Forrest Park (Newton Aycliffe) Ltd – between DCC and the Forrest Family.</p> <p>Development Partner is Richardson Barberry</p>	<p>DCC and NELEP funded £13m infrastructure works to create a new signalised junction and electricity substation, in order to open up the site for development.</p>	<p>10-15 Year Development Programme</p> <p>Outline planning permission granted for 1.75m sq ft buildings on the site mostly for general industrial, storage and distribution uses, with some roadside retail, food and trade counter use at the entrance to the site.</p>	<p>Aimed at businesses in the warehousing, logistics and manufacturing sectors.</p> <p>Front Plot – Petrol Filling Station, retail units and KFC drive thru restaurant</p>	<p>Target 3,200 jobs</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor (continued)						
<p>NETPark Phase 3</p> <p><u>Location:</u> Just off the A177 at Sedgfield</p> <p><u>Website</u> https://www.northeasttechnologypark.com/</p>	<p>A 26 hectare site to expand the existing science park, with 13 hectares of serviced land available for the next phase of development.</p> <p>270,000 sq ft of new laboratory, office, production and storage space proposed to facilitate the growth of existing NETPark tenants and attract new inward investment.</p> <p>Will potentially include the development of a North East Space Hub and DISC (Disruptive Innovation for Space Capability facility).</p>	<p>DCC owns the land and the existing buildings at NETPark are managed by Business Durham.</p> <p>DCC Cabinet on 15th September is to consider £49.6m investment to develop Phase 3.</p>	<p>The NETPark site has been developed by DCC over 15 years with European funding support and funding from the NELEP Local Growth Fund.</p> <p>NELEP provided £5.1m funding to put in a road and site servicing to open up the land for the Phase 3 development.</p>	<p>Subject to Cabinet approval, development of Phase 3 is set to commence in July 2022, with completion from Summer 2023 onwards.</p>	<p>Science and technology businesses, including in the semi-conductor, advanced electronics, space and satellite, and health and life sciences sectors.</p> <p>Tenants to date (Phases 1& 2): 40 businesses including Kromek, Filtronic, Ibex Innovations, Polyphotonix, PragmatlC, Wootzano, Evinco Technology, Redditch Medical, Northumbria Pharma.</p> <p>Interest from 7 tenants in taking new facilities on Phase 3 to scale up their manufacture.</p>	<p>Target (1,250 jobs (Phase 3))</p> <p><u>To date:</u> 600 jobs</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor (continued)						
<p>Integra 61</p> <p><u>Location:</u> Bowburn at Junction 61 off the A1 and opposite Durham Services</p> <p><u>Website:</u> https://integra61.co.uk/</p>	<p>83 hectare mixed use site adjacent to the A1(M).</p> <p>£300m mixed use development will provide a total of three million sq ft of industrial and logistics space, 300 new homes and 50,000ft² of roadside opportunities, including a family pub/restaurant, hotel, drive-thru, trade counter units, car showrooms, a care home and a nursery.</p>	<p>Citrus Group is the owner and developer of the site, supported by agents Avison Young and Colliers.</p>	<p>NELEP and DCC funded £7m infrastructure works to improve access to the site and address congestion and safety issues.</p>	<p>Phase 1 recently completed with Amazon taking 2,000,000 sq ft at a cost of circa £150m.</p> <p>Phase 2 will see a new business/industrial hub, Evolution@Integra 61, being delivered speculatively by Citrus Group to provide up to 23 flexible units in sizes from 1,205 sq ft up to 6,480 sq ft.</p>	<p>Aimed at being a premier industrial and logistics hub.</p> <p><u>Tenants to date:</u> 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.</p>	<p>Target 5,000 jobs</p> <p><u>To date:</u> 1000+ jobs</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor (continued)						
<p>Aykley Heads</p> <p><u>Location:</u> Durham City</p>	<p>A 56 hectare site that would be made available for development by the relocation of the council from the site.</p> <p>Opportunity to develop high quality office space at a successful business location, home to existing occupiers including Atom Bank, Honcho, Waterstons, Durham Constabulary and the North East Chamber of Commerce, amongst others.</p>	<p>Site owned by DCC.</p> <p>Durham University are interested in being a key partner.</p> <p>A market exercise is to be undertaken in early 2022 to identify a suitable development partner for the site.</p>	<p>Development of the first building on the site 'Plot C' is being funded by DCC with £6m from the Getting Building Fund managed by NELEP.</p>	<p>Work began on Plot C in March 2021 and is to be completed by July 2022.</p>	<p>Vision is to attract innovation and knowledge-rich businesses, including those in the fintech and digital sectors.</p>	<p>Target up to 4,000 jobs (phases 1 and 2)</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A19 Corridor						
Jade Business Park <u>Location:</u> Murton next to Dalton Park retail outlet off the A19 <u>Website:</u> http://www.jadepark.co.uk/	19 hectare site reclaimed from Hawthorn colliery and cokeworks. <u>Phase 1:</u> 7 new industrial units, totalling 155,000 sq.ft Tenants benefit from Enterprise Zone (EZ) status (5 years business rates discount) <u>Phase 2:</u> Capacity to deliver a further 400,000 sq ft of industrial space	DCC owns the freehold and funded the speculative development of Phase 1. Units built by Highbridge Developments, which has an option agreement on the land; supported by Regional agent HTA and National agent CBRE.	As one of the Enterprise Zone (EZ) sites in the region, NELEP funded £11m infrastructure works. DCC funded the £14m development of the Phase 1 units, which are managed by Business Durham.	Phase 1 units completed August 2020. As of August 2021, 4 of the 7 units have been let, and Heads of Terms issued on a further 2 of the units.	Aimed at businesses in the advanced manufacturing, technology and distribution sectors. <u>Tenants to date:</u> Sumitomo Electric Wiring Systems Europe (SEWS-E) – <i>manufacture of wiring components for the automotive sector</i> CoreHaus – <i>manufacture of innovative modular housing solutions</i> Power Roll – <i>manufacture of lightweight, low-cost solar film for renewable energy generation</i> ARGLA – <i>design and manufacture of bespoke architectural glass</i>	Target 2,500 jobs <u>To date:</u> 140 jobs

Conclusion

- 22 The committee will be aware of the strategic employment sites that are being developed in the county and the role of the council in enabling these developments, in order to ensure there is a portfolio of employment land available to attract investment and businesses, supporting the creation of more and better jobs in the county.

Background papers:

- [County Durham Plan](#)
- [County Durham Vision](#)

Contact:

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Appendix 1: Implications

Legal Implications

None.

Finance

None.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Human Rights

None.

Climate Change

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.

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Strategic Employment Sites

Amy Harhoff

Corporate Director Regeneration, Economy and Growth



Strategic Employment Sites



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Forrest Park, Aycliffe

- 55 hectare site
- 160,000 of floor space
- Up to 3,280 jobs

Local businesses: Hitachi Rail Europe, Gestamp, 3M, Husqvarna

Location benefits

- Adjacent A1M
- Adjacent existing Aycliffe Business Park
- Close to Tees Port
- Potential for rail freight interchange



NETPark, Sedgfield

- DCC ownership, 26 hectares for expansion
- 40 occupiers
- More than 600 employees
- Phase 3 planned: 13 hectares, 1,250 jobs

Current occupiers: Kromek, Filtronic, IBEX Innovations, Polyphotonix, Satellite Applications Catapult, High Value Manufacturing Catapult, CPI, Durham University Enterprise Zone (Orbit)

Location benefits:

- In between A1M and A19
- Parkland setting
- Collaborative innovation community



Integra 61, Bowburn

- 83 hectares
- Up to 280,000 sqm of floor space
- 24 new units available by end of 2021
- Mixed use development

Current occupiers: Amazon

Location benefits:

- Adjacent to A1M
- On site amenities including Durham Services
- Ideal for logistics and manufacturing



Aykley Heads, Durham

- 56 hectares of mature parkland
- Potential for 38,500 sqm of high quality offices
- Plot C under construction
- Up to 4,000 jobs (in phases 1 and 2)

Current occupiers: Atom Bank, Waterstons, Honcho, Tait Walker, North East Chamber of Commerce, Business Durham, Durham Constabulary, Durham City Incubator

Location benefits:

- Distinctive business park
- Short walk from the city centre
- Close to the main line train station



Jade Business Park, Murton

- 19 hectare Enterprise Zone
- Approximately 2,500 jobs
- 7 speculative units built in 2020 – one vacant
- Phases 2 and 3 being planned

Current occupiers: Corehaus, Sumitomo Electric Wiring Systems, Power Roll, ARGLA.

Location benefits:

- Adjacent to A19
- Close to Nissan and International Advanced Manufacturing Park
- Close to regional sea ports



Questions?

**Economy and Enterprise Overview and
Scrutiny Committee**

20 September 2021

**Regeneration, Economy and Growth –
Quarter 4: Revenue and Capital Outturn
2020/21**



Report of Corporate Directors

Paul Darby, Corporate Director of Resources (Interim)

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

Electoral division(s) affected:

Countywide

Purpose of the Report

1. To provide details of the final revenue and capital outturn position for the Regeneration, Economy and Growth (REG) service grouping in 2020/21, highlighting major variances in comparison with the budget.

Executive Summary

2. In 2020/21 the service achieved a cash limit variance (underspend) of £1.266 million against a revised budget of £44.439 million. This compares to the previously forecast position (at quarter 3) of a £1.761 million underspend for the year.
3. The REG Cash Limit balance carried forward at 31 March 2021 is £1.429 million. Other earmarked reserves under the direct control of REG total £54.306 million at 31 March 2021.
4. In arriving at the REG Cash Limit variance, Covid-19 related expenditure and loss of income, net of Covid-19 related savings, of £8.177 million have been excluded from the outturn. Covid-19 related costs are being treated corporately and offset by Government funding.

5. Capital expenditure incurred in 2020/21 was £62.793 million, representing 90.7% of the revised REG capital budget of £69.211 million. A request was made to the Member Officer Working Group to carry forward the £6.418 million underspend to the current year to augment the 2021/22 Capital Programme.
6. Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

Recommendation(s)

7. Economy and Enterprise Overview and Scrutiny Committee is requested to note the final outturn position against the 2020/21 revenue and capital budgets.

Background

8. County Council approved the Revenue and Capital budgets for 2020/21 at its meeting on 26 February 2020. These budgets have since been revised to account for grant (additions/reductions), budget transfers, and budget re-profiling between years (in terms of capital) as well as corporately recognised budget pressures). This report covers the financial position for the following budgets of the services within the scope of this committee;
 - (a) Revenue Budget - £44.439 million (original £52.770 million)
 - (b) Capital Programme – £69.211 million (original £85.434 million).

Revenue

9. The original revenue budget of £52.770 million has been revised to incorporate a number of budget adjustments and the final revised budget for the service is £44.439 million.
10. The summary financial statements contained in the report cover the financial year 2020/21 and show:
 - (a) The approved annual budget;
 - (b) The forecast income and expenditure as recorded in the Council's financial management system;
 - (c) The variance between the annual budget and the forecast outturn;
 - (d) For the revenue budget, adjustments for items outside of the cash limit (outside of the Service's control) to take into account such items as capital charges and use of / or contributions to earmarked reserves.

Revenue Outturn 2021/22

11. The service is reporting a cash limit underspend of **£1.266 million** against the revised budget of **£44.439 million** (2.85%).
12. The table below compares the forecast outturn with the budget by Head of Service. A further table is shown at Appendix 2 analysing the position by Subjective Analysis (i.e. type of expense).

Analysis by Head of Service £'000s

Service Analysis	Annual Budget	Outturn Position	Variance	Earmarked Reserves	Net Covid Adj	Items Outside Cash Limit	Cash Limit Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Culture Sport & Tourism	14,237	24,619	10,382	1,657	(4,771)	(7,385)	(118)
Business Durham	(216)	1,656	1,872	571	10	(2,453)	0
Transport & Contracted Servs	2,837	1,605	(1,231)	666	(1,371)	1,885	(51)
Development & Housing	7,300	5,500	(1,800)	931	(180)	495	(555)
Corporate Property & Land	(1,057)	9,405	10,462	63	(1,501)	(9,356)	(333)
REG - Central Costs	21,142	11,470	(9,672)	904	(259)	8,777	(250)
Corporate Director	195	347	152	0	(104)	(7)	41
NET EXPENDITURE	44,439	54,604	10,164	4,791	(8,177)	(8,045)	(1,266)

13. The cash limit underspend of £1.266 million takes into account adjustments for sums outside the cash limit such as redundancy costs that are met from corporate reserves and use of / contributions to earmarked reserves.

Cash Limit Outturn – Explanation of Over and Under Spending

- 14 The main reasons accounting for the outturn position are as follows:
- Culture & Sport is underspent by £0.118 million. This is mainly the result of an underspend of £0.564 million across Locality Delivery offset by an overspend of £0.419 million relating to the former Leisureworks Service. There are also a number of other minor variances across the service.
 - Any over or underspends in relation to the activity of Business Durham is managed through earmarked reserves and therefore there is no impact on the cash limit position. The service contributed £0.478 million to earmarked reserves in 2020/21 from its normal activity. The service has been provided with Community Outbreak Management Funding (COMF) of £60,000 to cover costs associated with providing security and social distancing measures at NETPark.
 - Transport and Contracted Services is £51,000 underspent. This is mainly due to an underspend in Traffic Services due to an increase in enforcement and advertising income offset by small overspends elsewhere across the service.

- (d) Development and Housing is underspent by £0.555 million. This is mainly due an underspend of £0.382 million in Housing Solutions, an underspend of £0.302 million in Planning Development, and an underspend of £0.150 million in Physical Development. These underspends are partially offset by an overspend of £0.207 million in Economic Development and other minor variances across the service grouping. The service has been provided with Community Outbreak Management Funding (COMF) of £0.430 million to cover costs associated with providing accommodation and supplies for those at risk of homelessness due to Covid-19.
 - (e) Corporate Property and Land is underspent against budget by £0.333 million. This is partly due to one-off unbudgeted income of £0.174 million, as well as an underspend of £0.129 million on the running costs of administration and civic buildings. There are also other minor variances across the service grouping. In order to mitigate workload shortages arising from the Covid-19 pandemic, a sum of £1.3 million of expenditure on repairs and maintenance was incurred against the centralised repairs and maintenance budget that is managed by this service grouping. The funding for this work is included in the £8.177 million additional costs, and lost income relating to Covid-19, net of the Covid-19 related savings.
 - (f) Central costs (Inc. Corporate Director) were underspent by £0.209 million against budget.
- 15 The final outturn position has been adjusted by £11.431 million relating to contributions to and from reserves, sums outside the cash limit and including a net COVID adjustment of £8.177 million.
- 16 The Cash Limit Reserve carried forward for Regeneration and Local Services is £1.429 million after taking the latest outturn position into account.
- 17 In summary, the service grouping managed to successfully maintain spending within its cash limit.

Capital Programme

18. The capital programme makes a significant contribution to the regeneration ambitions of County Durham. The programme is relatively large and diverse and is managed by project delivery officers throughout the service.

19. The Regeneration, Economy and Growth Services capital programme was revised for budget re-phased from 2019/20. This increased the 2020/21 original budget to a level of £85.434 million. Since then reports to the MOWG have detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The final capital budget was **£69.211 million**.
20. Summary financial performance for 2020/21 is shown below.

Service	Revised Annual Budget 2020/21 £000	Actual Spend to 31 March £000	Remaining Budget 2020/21 £000
Culture, Sport and Tourism	3,189	1,808	1,381
Development & Housing	18,519	14,910	3,609
Business Durham	6,704	6,235	469
Corporate Property & Land	26,967	27,133	(166)
Transport & Contracted Services	13,832	12,707	1,125
Total	69,211	62,793	6,418

21. Actual spend for 2020/21 amounts to **£62.793 million**. **Appendix 3** provides a more detailed breakdown of spend.
22. The key areas of spend during the year to date are on Major Transport Schemes (£10.646 million), Office Accommodation (£23.639 million) and Industrial Estates (£6.235 million).

Background papers

- a) County Council Report (26 February 2020) – Medium Term Financial Plan 2020/21 to 2023/24 and Revenue and Capital Budget 2020/21.
- b) Cabinet Report (16 September 2020) – Forecast of Revenue and Capital Outturn 2020/21 – Period to 30 June 2020.
- c) Cabinet Report (18 November 2020) – Forecast of Revenue and Capital Outturn 2020/21 – Period to 30 September 2020.
- d) Cabinet Report (17 March 2021) – Forecast of Revenue and Capital Outturn 202/21 – Period to 30 December 2020.
- e) Cabinet Report (7 July 2021) – 2020/21 Final Outturn for the General Fund and Collection Fund.

Contact:

Ian Herberson – Finance Manager Tel: 03000 261 861

Appendix 1: Implications

Legal Implications

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

Finance

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

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Climate Change

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

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

Procurement

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

Appendix 2: REGENERATION Outturn 2020-21 – Subjective Analysis

REG Subjective Analysis	Annual Budget	Outturn Position	Variance	Earmarked Reserves	Net Covid Adjustment	Items Outside Cash Limit	Adj. Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Employees	58,888	55,855	(3,033)	118	224	(339)	(3,030)
Premises	15,637	15,043	(594)	(44)	953	40	355
Transport	1,617	1,410	(207)	(5)	167	0	(44)
Supplies & Services	20,007	16,718	(3,289)	639	2,592	124	67
Agency & Contracted	31,912	31,990	77	(4,925)	1,404	253	(3,191)
Transfer Payments	0	0	0	0	0	0	0
Central Costs	11,440	12,926	1,486	(94)	2	(828)	566
Capital Financing	8,464	17,377	8,913	(13)	(14)	(8,913)	(27)
Gross Expenditure	147,965	151,319	3,354	(4,324)	5,328	(9,663)	(5,305)
Grants	(21,016)	(32,922)	(11,906)	6,909	1,977	(0)	(3,020)
Fees & Charges	(34,986)	(23,738)	11,248	1,313	(14,310)	(125)	(1,873)
Recharges	(47,524)	(40,056)	7,468	893	(1,172)	1,743	8,932
Gross Income	(103,525)	(96,715)	6,810	9,115	(13,505)	1,618	4,038
NET EXPENDITURE	44,439	54,604	10,164	4,791	(8,177)	(8,045)	(1,266)

Appendix 3: Regeneration, Economy and Growth Capital Programme 2020/21

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 31 March £000	Remaining Budget £000
General Fund				
Development & Housing				
North Dock, Seaham	72	72	72	0
Town Centres	3,596	3,596	2,481	1,115
Town & Village Centre	826	826	679	147
Minor Schemes	168	168	168	0
Disabled Facilities Grant /FAP	4,616	4,616	5,355	(739)
Housing Renewal	3,430	3,430	2,101	1,329
Housing Development	832	832	789	43
Chapter Homes	4,885	4,885	3,075	1,810
Beamish Capital Project	38	38	190	(152)
Strategy & Programmes Minor Schemes	55	55	0	55
	18,519	18,519	14,910	3,609
Business Durham				
Industrial Estates	6,704	6,704	6,235	469
	6,704	6,704	6,235	469
Corporate Property and Land				
Structural Capitalised Maintenance	3,592	3,592	3,494	98
Office Accommodation	23,375	23,375	23,639	(264)
	26,967	26,967	27,133	(166)
Transport & Contracted Services				
Local Transport Plan	1,902	1,902	1,947	(45)
Transport Major Schemes	11,773	11,773	10,646	1,127
T&CS Minor Schemes	156	156	113	43
	13,832	13,832	12,707	1,125
Culture, Sport and Tourism				
AAP Schemes	0	0	0	0
Culture and Museums	2,678	2,678	1,184	1,494
Leisure Centres	357	357	500	(143)
Library	0	0	0	0
Outdoor Sports and Leisure Facilities	154	154	113	43
	3,189	3,189	1,808	1,381
Regeneration & Economic Growth	69,211	69,211	62,793	6,418

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Economy and Enterprise Overview and Scrutiny Committee

20 September 2021



Regeneration and Economic Growth – Quarter 1: Forecast of Revenue and Capital Outturn 2021/22

Report of Corporate Directors

Paul Darby, Corporate Director of Resources (Interim)

Amy Harhoff, Corporate Director Regeneration and Economic Growth

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide details of the forecast outturn position for quarter 1 revenue and capital for Regeneration, Economy and Growth (REG) as at 30 June 2021.

Executive summary

- 2 This report provides an overview of the forecast of outturn, based on the position at quarter 1, 2021/22. It provides an analysis of the budgets and forecast outturn for the service areas falling under the remit of this Overview and Scrutiny Committee and complements the reports considered and agreed by Cabinet on a quarterly basis.
- 3 The position is that there is a forecast overspend of £0.618 million, against a revised budget of £49.505 million.
- 4 In arriving at the cash limit position, Covid-19 related expenditure and loss of income, net of Covid-19 related savings of £8.035 million have been excluded from the outturn. Covid-19 related costs are being treated corporately and offset by Government Funding.
- 5 The revised service capital budget is £90.384 million with expenditure to 30 June of £13.448 million.
- 6 Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

Recommendation(s)

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

Background

8 County Council approved the Revenue and Capital budgets for 2021/22 at its meeting on 24 February 2021. These budgets have subsequently been revised to account for changes in grant (additions/reductions), budget transfers between service groupings and budget re-profiling between years (in terms of capital). This report covers the financial position for the following budgets of the services within the scope of this committee;

- (a) Revenue Budget - £49.505 million (original £49.630 million)
- (b) Capital Programme – £90.384 million (original £97.178 million)

9 The original service budgets have been revised in year to incorporate a number of budget adjustments as follows:

Description	Change
Transfer from NCC – Road Safety and Traffic Assets	£0.912 m
Transfer to NCC – Rights of Way	-£0.491 m
Transfer to Corporate Finance - JADE self-financing	-£0.300 m
Transfer to NCC – Highways Adoptions	-£0.143 m
Transfer to Corporate Finance – Freeman’s Reach	-£0.143 m
Transfer from RES – Business Support post	£0.026 m
Transfer to NCC – Dale View Caravan Park	-£0.009 m
Other Pay and National Insurance changes	£0.023 m
Total change	-£0.125 m

10 The summary financial statements contained in the report cover the financial year 2021/22 and show: -

- (a) The approved annual budget;
- (b) The forecast income and expenditure as recorded in the Council’s financial management system;
- (c) The variance between the annual budget and the forecast outturn;
- (d) For the revenue budget, adjustments for items outside of the cash limit (outside of the Service’s control) to take into account such items as capital charges and use of / or contributions to earmarked reserves.

Forecast Revenue Outturn 2021/22

11 The service is reporting a cash limit overspend of **£0.618 million** against a revised budget of **£49.505 million** (1.25%).

- 12 The table below compares the forecast outturn with the budget by Head of Service. A further table is shown at Appendix 2 analysing the position by Subjective Analysis (i.e. type of expense).

Service Budget - Analysis by Head of Service £'000

	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net COVID adjustment	Cash Limit Variance
Head of Service	£000	£000	£000	£000	£000	£000	£000
Business Durham	(577)	4,088	4,665	0	(1,665)	(3,000)	0
Development & Housing	6,572	7,279	707	0	(508)	(280)	(81)
Corporate Property & Land	(1,349)	(88)	1,261	(75)	(472)	(477)	237
Culture Sport & Tourism	13,816	18,234	4,418	0	(654)	(3,671)	93
Transport & Contracted Servs	3,185	5,062	1,877	(613)	(120)	(607)	537
REG - Central Costs	27,858	27,690	(168)	0	0	0	(168)
Total	49,505	62,265	12,760	(688)	(3,419)	(8,035)	618

- 13 The cash limit overspend of £0.618 million takes into account adjustments for sums outside the cash limit such as redundancy costs that are met from corporate reserves and use of / contributions to earmarked reserves.

Cash Limit Outturn – Explanation of Over and Under Spending

- 14 The main reasons accounting for the outturn position are as follows:
- 15 Transport and Contract Services is forecast to overspend by £0.537 million against budget. In Strategic Traffic there is an additional £0.145 million on Traffic services/mitigation for events, £68,000 on contracts in Parking Services and £55,000 spend on repairs to bus shelters. In Care Connect there is a shortfall of £0.128 million in relation to reduced SLAs and subsidised client income in addition to an overspend of £85,000 on staff costs. In Sustainable Transport there are additional costs of £45,000 for bringing in a consultant to assist on the new database. There is a forecast net cost of £0.607 million in this area to be covered via COVID general grant.

- 16 Corporate Property and Land is forecast to overspend by £0.237 million against budget, mainly due to costs associated with external support for case work in the Strategy and Property Management service. There is a forecast net cost of £0.477 million in this area to be covered via COVID general grant.
- 17 Development and Housing is forecast to underspend by £81,000 against budget. This is the net effect of underspends of £0.148 million in Physical Development and £0.119 million in Housing Solutions, offset by an overspend of £0.133 million in Economic Development. There were also a number of other minor overspends across the service. There is a forecast cost of £0.280 million in this area to be covered via COVID general grant.
- 18 Business Durham is forecast to be in line with budget after the use of £3.000 million of COVID general grant funding to support the payment of business recovery grants.
- 19 Culture, Sport and Tourism is forecast to overspend by £93,000 against budget. The main reasons are an unrealised MTFP saving of £0.201 million and an overspend in Locality Services of £79,000 offset by an underspend in Service Development of £0.197 million, primarily relating to vacant posts. There is a forecast net cost of £3.671 million in this area to be covered via COVID general grant.
- 20 Central costs are forecast to underspend by £0.168 million against budget.
- 21 In summary, the service grouping is not managing to maintain spending within its cash limit and as a result needs to draw £0.618 million from the Regeneration Cash Limit Reserve.

Capital Programme

- 22 The capital programme makes a significant contribution to the regeneration ambitions of County Durham. The programme is relatively large and diverse and is managed by project delivery officers throughout the service.
- 23 The Regeneration, Economy and Growth Services capital programme was revised at year-end for budget re-phased from 2020/21. Since then, reports to the MOWG have detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The revised budget now stands at £90.384 million.

24 Summary financial performance for 2021/22 is shown below.

Service	Revised Annual Budget 2021/22 £000	Actual Spend to 30 June £000	Remaining Budget 2021/22 £000
Culture, Sport and Tourism	13,333	1,477	11,856
Development & Housing	33,764	3,577	30,187
Business Durham	2,559	770	1,789
Corporate Property & Land	23,385	6,672	16,713
Transport & Contracted Services	17,088	952	16,136
Total	90,384	13,448	76,936

25 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 3 months amounts to **£13.448 million**. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.

26 The key areas of spend during the year to date are on Office Accommodation (£5.984 million) and Disabled Facility Grants (£1.489 million). Other areas of the programme are profiled to be implemented during the remainder of the year and at year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

Background papers

- Cabinet Report (15 September 2021) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 June 2021.

Contact: Ian Herberson

Tel: 03000 261861

Appendix 1: Implications

Legal Implications

The consideration of regular budgetary control reports is a key component of the Council's Corporate and Financial Governance arrangements. This report shows the forecast spend against budgets agreed by the Council in February 2021 in relation to the 2021/22 financial year.

Finance

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

Consultation

Not applicable.

Equality and Diversity / Public Sector Equality Duty

Not applicable.

Climate Change

Not applicable.

Human Rights

Not applicable.

Crime and Disorder

Not applicable.

Staffing

Not applicable.

Accommodation

Not applicable.

Risk

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

Procurement

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

Appendix 2: REGENERATION Forecast Outturn at Q1 – Subjective Analysis

REG Subjective Analysis	Revised Annual Budget	Forecast Outturn	Variance	Items Outside Cash Limit	Earmarked Reserves	Net COVID adjustment	REG Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Employees	59,570	59,149	(421)	0	3	9	(409)
Premises	15,504	16,428	924	0	(350)	50	624
Transport	1,644	1,537	(107)	0	0	38	(69)
Supplies & Services	16,851	27,678	10,827	(75)	(3,046)	(1,917)	5,789
Third Party Payments	39,322	41,803	2,481	0	(507)	286	2,260
Transfer Payments	0	0	0	0	0	0	0
Capital	14,763	14,763	0	0	0	0	0
Central Costs	12,120	12,046	(74)	0	0	0	(74)
DRF	280	280	0	0	0	0	0
Gross Expenditure	160,054	173,984	13,630	(75)	(3,900)	(1,534)	8,121
Grant	(6,165)	(11,554)	(5,389)	0	0	38	(5,351)
Contributions	(17,943)	(18,715)	(772)	0	(37)	0	(809)
Sales	(2,427)	(1,127)	1,300	0	0	(1,350)	(50)
Charges	(26,355)	(19,980)	6,375	(613)	(43)	(5,070)	649
Rents	(8,064)	(9,329)	(1,265)	0	477	(19)	(807)
Recharges	(49,047)	(49,989)	(942)	0	84	(100)	(958)
Other Income	(548)	(725)	(177)	0	0	0	(177)
Gross Income	(110,549)	(111,419)	(870)	(613)	481	(6,501)	(7,503)
Total	49,505	62,265	12,760	(688)	(3,419)	(8,035)	618

Appendix 3: Regeneration, Economy and Growth Capital 2021/22

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 June £000	Remaining Budget £000
General Fund				
Development & Housing				
North Dock, Seaham	220	0	0	220
Town Centres	12,552	1,743	624	11,928
Town & Village Centre	2,443	239	174	2,269
Minor Schemes	180	45	45	135
Disabled Facilities Grant /FAP	6,606	1,211	1,489	5,117
Housing Renewal	7,253	2,131	1,164	6,089
Housing Development	1,751	241	81	1,670
Chapter Homes	820	205	0	820
Beamish Capital Project	1,940	485	0	1,940
Strategy & Programmes Minor Schemes	255	125	0	255
	34,020	6,425	3,577	30,443
Business Durham				
Industrial Estates	2,559	557	770	1,789
	2,559	557	770	1,789
Corporate Property and Land				
Structural Capitalised Maintenance	5,565	437	688	4,877
Office Accommodation	17,820	6,051	5,984	11,836
	23,385	6,488	6,672	16,713
Transport & Contracted Services				
Local Transport Plan	3,117	396	224	2,893
Transport Major Schemes	13,067	1,351	653	12,414
T&CS Minor Schemes	904	133	75	829
	17,088	1,880	952	16,136
Culture, Sport and Tourism				
AAP Schemes	0	0	0	0
Culture and Museums	8,651	1,639	1,227	7,424
Leisure Centres	4,575	542	211	4,364
Library	0	0	0	0
Outdoor Sports and Leisure Facilities	107	66	38	69
	13,333	2,247	1,476	11,857
Regeneration & Economic Growth	90,384	17,597	13,448	76,938

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