



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

**Date** Tuesday 26 April 2022  
**Time** 9.30 am  
**Venue** Council Chamber, County Hall, Durham

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### **Business**

#### **Part A**

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

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held on 4 March 2022 (Pages 3 - 10)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Housing - Update (Pages 11 - 46)
  - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
  - (ii) Presentation by the Head of Development and Housing Regeneration, Economy and Growth
7. Quarter 3 2021/22 Revenue and Capital Outturn Report (Pages 47 - 58)

Joint report of the Corporate Director of Resources and the Corporate Director of Regeneration, Economy and Growth
8. Minutes from the County Durham Economic Partnership Board held on 1 March 2022. (Pages 59 - 64)

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  
14 April 2022

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, D Haney, C Hood, C Lines, R Manchester, C Marshall, C Martin, J Miller, R Ormerod, A Reed, I Roberts, A Sterling, A Surtees and S Wilson

**Co-opted Members:**

Mrs R Morris

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**Contact: Lucy Gladders                      Tel: 03000 269 712**

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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 **Committee Room 2, County Hall, Durham** on **Friday 4 March 2022** at **9.30 am**

**Present:**

**Councillor B Moist (Chair)**

**Members of the Committee:**

Councillors A Jackson, A Batey, G Binney, J Cairns, R Manchester, C Martin, J Miller, A Reed, I Roberts, A Sterling, A Surtees and P Jopling

**Co-opted Members:**

Mrs R Morris

**Also Present:**

Councillor P Jopling

**1 Apologies for Absence**

Apologies for absence were received from Councillors M Abley, C Hood and C Marshall.

**2 Substitute Members**

There were no substitutes.

**3 Minutes of the meeting held on 20 December 2021**

The minutes of the meeting held on 20 December 2021 were confirmed as a correct record and signed by the Chair.

**4 Declarations of Interest, if any**

There were no declarations of interest.

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

There were no items from Co-optees or interested parties.

## **6 Business Durham - Progress Report**

The Committee considered a report and presentation of the Corporate Director of Regeneration, Economy and Growth which provided background detail on the activities of Business Durham Services highlighting the work and impact of the Councils investment in business support across the County working in partnership with the private sector (for copy of report and slides of presentation see file of Minutes).

The Managing Director Business Durham provided a detailed presentation which provided background information on Business Durham which supported the council's strategic priority to support County Durham's business community and attract inward investment.

Business Durham held a portfolio of 525 units across the County supporting over 450 businesses, with a 95.23% occupancy. She noted that space for new businesses was limited and noted the demand for good quality business accommodation. She further referenced NETPark noting that the importance of the Phase 3 of the development at this site which would commence later in the year.

Moving on the presentation provided detail on business engagement and support programmes available including ERDF programmes promoting growth, such as Durham Business Opportunities Programme, Digital Drive County Durham and County Durham Growth Fund.

The Managing Director Business Durham went on to discuss inward investment noting the successes to date and job creation, noting that this had exceeded target despite the ongoing pandemic. She explained that Finance Durham had invested £9.4 million in 19 companies, supporting over 500 jobs and helping to create a further 280.

Further details were then provided regarding Durham Start-ups and the good work these enterprise agencies did to assist unemployed people in starting businesses. The agencies included, Durham City Incubator, Durham Ambitious Business Start-ups, Future Business Magnates, Business Durham and Powered Durham People. Partnerships also played an important role noting the strong relationship with Durham University in assisting those young ambitious people with free resources and ways to test innovative approaches.

She further explained that the Future Business Magnates competition had been impacted by COVID and the inability to access schools, however a digital online platform launched in February would see this programme continue to work with Year 8 students to develop business ideas.

The presentation then went on to discuss innovation, and in particular where there was emerging markets and growth opportunities such as in the space sector. She

explained that the £20m North East Space Hub (NESH) and Disruptive Innovation for Space Capabilities (DISC) was to be located at NETPark Phase 3 and would help to further grow this sector and attract further bis businesses to the area.

The Managing Director Business Durham went on to provide a case study where Durham Business Recovery Grants had been awarded to support business administered by Business Durham. 347 applications had been approved for grants of £1,000 up to £40,000, and over 3,900 jobs in County Durham safeguarded.

R Morris, Co-optee added that she understood the importance of ensuring that talent raised through the universities in the area stayed in the area, likewise with companies grown in the area through university spin offs. She further raised a query regarding the space sector and whether there was any intention to link out further and take on board the good work which was well-established in this sector in North America.

The Managing Director Business Durham advised that the team had worked hard to build a good relationship with Durham University, however acknowledged that more work could be done to pull on the talent pool identified through education settings in helping realise career opportunities and linking up with partners to connect the two. She made reference to the Durham City Incubator Programme and the work undertaken with schools. She highlighted the positive outcomes which had been achieved through this programme.

With regards to space innovation, she explained that the North East was performing well in this sector and noted that the Space Hub proposed to be located at NETPark Phase 3, would provide £20 million of investment to allow that sector to grow. A lot of the businesses attracted here were homegrown, spinouts from the university and those looking to develop their business model here.

Councillor Reed added her thanks for the presentation, noting that she was delighted that Business Durham involved young people. She further commented in reference to the 69 business who were reported to have benefitted from enterprise and business start-ups, how many of those had been successful, what products they were providing and had this expanded chances of long-term employment.

In response the Managing Director Business Durham acknowledged the comments made by Councillor Reed regarding the strong tradition of manufacturing in County Durham's economy and the importance of building upon that and utilising the county's skill base. In relation to the query raised regarding business start-ups, she advised that this support often helped those businesses in knowing how to close their sales and this had helped them to grow as a business, however she would be able to provide further detail to Councillor Reed about those individual manufacturing businesses supported.

Councillor Surtees asked a number of questions relating to; the graduate programme, rural business units, ERDF funding, Support for businesses with submission of tenders for contract and how further support could be provided to the Future Business Magnates programme.

In response the Managing Director Business Durham provided details on plans to develop ideas to support an undergraduate programme working with higher education establishments. She also provided more detail on rural business units, potential sites, funding routes, demand and feasibility. In relation to the question raised regarding ERDF funding she explained that the team were actively exploring options should funding be withdrawn in the future.

Councillor Surtees added her congratulations to The Managing Director Business Durham on her recent appointment. She further commented on the portfolio of 525 business units across the County, noting the 95.23% occupancy rate. She commented that that she found this a little worrying given the 4.77% anticipated growth and asked whether the Aykley Heads strategic site had been removed from the strategy.

The Managing Director Business Durham advised that Aykley Heads remained a strategic priority site for attraction of private sector businesses.

Councillor Batey noted the reassuring updates on job creation and inward investments. Regarding the Future Business Magnates, she applauded the fantastic opportunities that it offered to Year 8 pupils and asked if there were any patterns emerging as to which schools had succeeded so that those could be highlighted to other schools. The Managing Director Business Durham advised that she could provide this information following the meeting. In addition, she noted that due to the impact on COVID on classroom teaching the competition had been scaled back for a period, however it was hoped that normal service could resume and Year 7 students were already being introduced to the competition through Freshers ahead of their next academic year.

Councillor Moist asked the Managing Director Business Durham if there was one thing that could be done to secure enterprise and funding in County Durham what would the one thing be. In response the Managing Director Business Durham advised that it was crucial to ensure that the county was able to deliver ample supply of good quality premises.

In response to a number of questions from Councillor Jackson regarding European Rural Development Funding and the digital drive, the sale of land for business use and business start-up loans the Managing Director Business Durham advised that despite a difficult couple of years, there were no concerns regarding the Digital Drive and funding to support business growth in this area. Regarding the sale of land for business use, she advised that they were working with Corporate Property and Land as to how they can accelerate the process for acquiring land for business.

Moving on to discuss the topic of loans to small businesses the Managing Director Business Durham advised that Finance Durham were available to help with financial investments in local businesses based in the county, with equity or loan type finance being offered.

**Resolved:**

That the contents of the report and presentation be noted.

## **7 Inclusive Economic Strategy**

The Committee considered a report of the Corporate Director Regeneration, Economy and Growth which provided an overview of the process that was being followed to develop a new Inclusive Economic Strategy for the council (for copy of report and slides of presentation see file of Minutes).

The Spatial Policy Manager provided a detailed presentation which highlighted the purpose of the Inclusive Strategy and its role in:

- Balancing economic growth with the need to reduce carbon emissions
- Define priorities for growth
- Enhance and create opportunities
- Align with the County Durham Vision 2035
- Demonstrate levelling-up needs
- Support county deal negotiations
- Support the development of an Investment Plan for the UK Shared Prosperity Fund

The presentation also provided detail on the 3-stage development process which had been agreed by Cabinet in December, noting that the final stage to complete was the Inclusive Economic Strategy which would be developed based upon 'Our Big Econ-versation' and would also reflect the evidence in the Economic Review. Some examples of the findings were included in the presentation for information.

The Spatial Policy Manager went on to provide details of the proposed framework all of which had the bigger objective of supporting the planet. They were as follows:

- People
- Prosperity
- Places
- Promotion
- Partnerships

It was explained that the Big Econ-versation would run from January to 22 April 2022, with consultation on the strategy expected during the Summer to Autumn with adoption of the strategy in Late 2022. Examples of the events already held and

those planned were detailed in the presentation along with some of the feedback already received.

The Chair thanked the Spatial Policy Manager for his presentation. He went on to add that he felt it of crucial importance Economy & Enterprise Overview and Scrutiny Committee were involved in every stage of the process and commented that reference had been to a Steering Group for the strategy and he requested that the Economy and Enterprise Overview and Scrutiny Committee is represented on that group.

Councillor Surtees added that she felt it would have been beneficial for scrutiny to have sight of the survey before it had gone out as she found that some of the topics would be totally alien to many people and she worried that they may struggle to engage as a result.

In response the Spatial Policy Manager advised that the survey was supported by a facilitation pack, including a simplified document of questions. In addition, the information hosted on the website had been produced in plain English.

Councillor Surtees continued that the consultation needs to be done correctly and for this to happen, whatever literature is used as part of the consultation process needs to get local people engaged.

Councillor Miller commented that he felt that public transport was such a huge part of this conversation, the key role that it plays in growing the economy and jobs, good public transport provision is essential for residents to access employment. He continued by asking how big an impact would it have if County Hall remained on the Aykley Heads site.

Councillor Moist commented that it had been confirmed earlier in the meeting that the Aykley Heads site is still a strategic site.

R Morris, Co-opted Member commented upon the climate agenda, the profound questions this raised, science innovation, job security noting that all of which would help determine the direction of travel.

Further discussion ensued regarding the way in which the information had been shared and given that some members were not aware of this, Councillor Batey noted her concern as to whether this would be picked up by all organisations, noting that she was not aware that Parish Council's or AAPs in her area had yet received the information.

The Spatial Policy Manager advised that it was to be circulated to parish councils via CDALC. In addition, all AAPs were being visited.

Councillor Cairns noted that she agreed that the survey should have been shared before it was published, however despite that it was really important now that members pushed this, encouraged feedback and where possible got children involved.

**Resolved:**

That the content of the report and presentation be noted and comments and feedback received fed into 'Our Big Econ-versation'.

**8 Quarter 3 2021/22 Performance Management Report**

The Committee considered a report of the Corporate Director of Resources which presented an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlighted key messages to inform strategic priorities and work programme for the period in and to the end of quarter three, October to December 2021 (for copy see file of Minutes).

G Wilkinson, Strategy Team Leader provided a detailed presentation of the key performance highlights including those relating to More and Better Jobs and Connected Communities covering both the latest position in relation to local, regional and national and Council Services.

Councillor Reed asked in relation to the satisfaction of the condition of highways, whether unclassified roads were included in the maintenance programme. In response the Strategy Team Leader advised unclassified roads were included within the planned maintenance, however she would need to refer this question to the service for a more detailed response, she would also ask for the definition and figure on the number of unclassified roads to be clarified, further to a question from Councillor Jackson.

**Resolved:**

That the content of the report be noted.

**9 Minutes of the meeting of the County Durham Economic Partnership held on 1 December 2021**

**Resolved:**

That the minutes of the Economic Partnership Board held on 1 December 2021 be noted.

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**Economy and Enterprise Overview and  
Scrutiny Committee**

**26 April 2022**

**Housing Update**



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

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 This report gives a strategic overview of housing delivery, looking particularly at recent performance, the mix of housing and its location and whether this is right to attract inward investment both currently and in the future.

**Executive summary**

- 2 National guidance makes it clear that the purpose of the planning system is to contribute to the achievement of sustainable development in terms of its economic, social and environmental impacts. Therefore, patterns of growth should be managed so that significant development, including new housing is focused on locations which are or can be made sustainable.
- 3 Therefore, in order to reduce the number and length of journeys undertaken by car and increase the opportunity for journeys to be undertaken by walking, cycling and public transport we need to harness the locational benefits offered by our largest towns.
- 4 This approach is therefore the key feature of the adopted County Durham Plan's spatial strategy, although the Plan does also recognise the importance of the county's other communities by identifying appropriate quantities of development in other settlements across the county.
- 5 Housing can have a longer-term impact upon the economy on the perceived competitiveness of specific locations. A well-functioning

housing market is considered to be important for an area to remain competitive and attractive to business and economic activity, which in turn will drive the economic growth the country needs. It is therefore imperative that there is a supply of good quality homes of the right type in the right locations.

- 6 The Council is committed to delivering the new housing the county needs both in terms of the quantity needed to meet identified needs as set out in the Strategic Housing Market Assessment (SHMA) and the type and mix, including specialist products such as affordable housing, specialist housing and housing to meet the needs of older persons.
- 7 The County Durham Plan seeks to deliver a wide choice of quality homes to that meet needs. The Council's SHMA has considered housing needs in County Durham in line with National Planning Policy Framework (NPPF) and has underpinned policies in the County Durham Plan.
- 8 In particular, two policies of the Plan are relevant in the context of the type and mix and design quality of homes delivered. Policy 19 (Type and Mix) considers the housing composition on a site and Policy 29 (Sustainable Design), seeks to ensure development is well-designed, responds to the local context and incorporates appropriate energy standards.
- 9 To support delivery, the Council has developed an Infrastructure Delivery Plan (IDP). The IDP describes County Durham's infrastructure requirements to support the delivery of the County Durham Plan until 2035.
- 10 Furthermore, to deliver additional affordable homes to meet needs, in October 2020 Cabinet agreed to progress with a Council Homes programme with a comprehensive strategy to deliver 500 new council homes between now and 2026. Work has been progressing on the first 8 sites comprising a total of 124 units. Site investigations have now been completed, draft layouts prepared, and a range of house type designs developed.
- 11 In December 2021, Cabinet agreed a further 17 sites for the remainder of the programme and also agreed a plan to deliver a proportion of the programme in the more rural west of the County.
- 12 In respect of partnership working, the Housing Strategy was adopted by the Council in July 2019 and was developed to consider housing issues across County Durham. The Strategy provides a strategic framework to inform the actions and investment of the Council and its partners. The Housing Strategy reflects the role of the County Durham Housing Forum and related partnership subgroups.

- 13 Selective licensing is a key part of the County Durham Housing Strategy. From 01 April 2022, a private landlord renting a property in designated areas within County Durham must obtain a licence in order to legally rent the property. A total of at least 29,000 (42%) of the private rented sector in the county is covered by the scheme, which was approved by government on 30 November 2021.
- 14 Chapter Homes was formed in 2015 by the Council who are committed to increasing the delivery of new homes within County Durham to meet the needs of the community and to support regional growth.
- 15 Chapter Homes has developed sites at Newton Aycliffe, Peterlee and Durham City for a mix of open market sale and affordable homes and reached a significant milestone in March 2019 with the sale of its 100th new home. Chapter Homes will continue to take forward its experience and to focus on continued company growth through a range of housing developments.

### **Recommendation**

- 16 Scrutiny members are invited to note the report.

## **Background**

- 17 National guidance also makes it clear that the purpose of the planning system is to contribute to the achievement of sustainable development in terms of its economic, social and environmental impacts. Therefore, patterns of growth should be managed so that significant development, including new housing is focused on locations which are or can be made sustainable. This limits the need to travel and allows the fullest possible use of public transport, walking and cycling by maximising access to services, facilities and employment.
- 18 The location and type and mix of housing can also help attract high skilled workers and encourage private sector investment.
- 19 In February 2019 the Government set out a standard methodology for calculating housing need. The National Planning Policy Framework makes it clear that local authorities should use this methodology unless there are exceptional circumstances.
- 20 The Council is committed to delivering the new housing the county needs both in terms of the quantity needed to meet identified needs as set out in the SHMA and the type and mix, including specialist products such as affordable housing, specialist housing and housing to meet the needs of older persons. As part of this commitment the Council set up Chapter Homes in 2015 and agreed to embark on an ambitious programme of council house building in 2020.

## **Housing and Private Sector Investment**

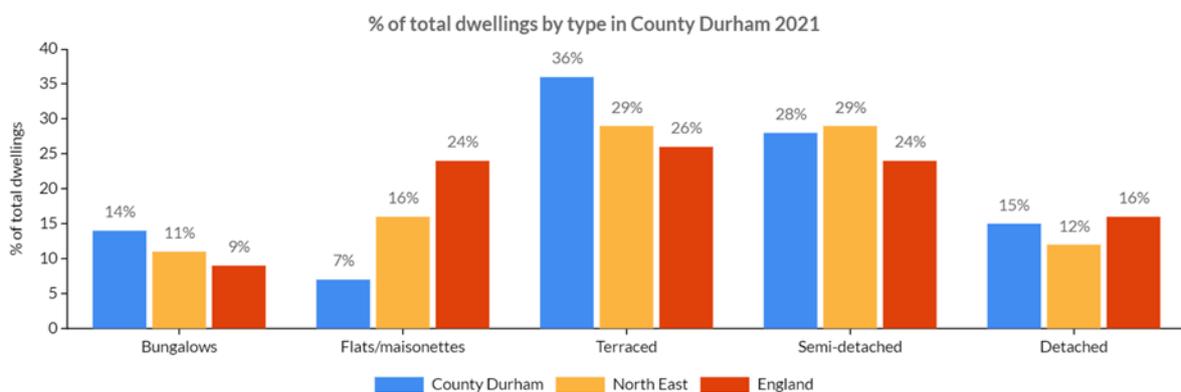
- 21 There are a number of locations across the county that are important centres of employment. Durham City is the county's largest employment centre with 35,582 people (BRES, Lower Super Output Areas, 2014) working in the city, almost three times the number in the next biggest centre and has a county-wide employment draw. Peterlee is the next major employer with 13,749 employees principally based at the North West and South West Industrial Estates. Newton Aycliffe now has the largest industrial estate by area in the north east and this is reflected in the significant number of employees, 12,143, in the town. Significant numbers of employees also work in Consett, Chester-le-Street and Spennymoor. The numbers of jobs then generally reduce as the size of the settlement decreases.
- 22 The existing location of employment opportunities and associated commuting patterns show that in order to maximise access to jobs by sustainable modes of transport, to minimise the increase in commuting and to deliver sustainable patterns of development, the focus for new housing should be the county's larger settlements. In addition, the

settlements in the A1 and A19 corridors are more likely to be a regional and national draw for business investment. Other settlements such as Bishop Auckland and Consett provide opportunities for locally important businesses.

- 23 Therefore, in order to reduce the number and length of journeys undertaken by car and increase the opportunity for journeys to be undertaken by walking, cycling and public transport we need to harness the locational benefits offered by Durham City and our largest towns such as Consett, Chester-le-Street, Stanley, Bishop Auckland, Crook, Newton Aycliffe, Shildon, Spennymoor, Ferryhill, Peterlee, Seaham and Barnard Castle amongst others. This approach will also increase the chances of the houses being delivered and maximise opportunities to attract new investment.
- 24 This approach is therefore the key feature of the adopted County Durham Plan's spatial strategy, although the Plan does also recognise the importance of the county's other communities by identifying appropriate quantities of development in other settlements across the county.
- 25 The economic contribution that house building makes to the UK economy has long been recognised by Government, policy makers and practitioners. However, economic challenges and the ongoing housing crisis has ensured that house building is also increasingly acknowledged as a crucial driver of economic growth; capable of maintaining a prosperous economy as well as providing much needed housing to support sustainable communities.
- 26 Housing can have a longer-term impact upon the economy on the perceived competitiveness of specific locations. A well-functioning housing market is considered to be important for an area to remain competitive and attractive to business and economic activity, which in turn will drive the economic growth the country needs. It is therefore imperative that there is a supply of good quality homes of the right type in the right locations.
- 27 For many years key business partners including the North East England Chamber of Commerce, the County Durham Economic Partnership and Business Durham have emphasised the importance of new housing to the success of an economy. Business, investors and developers require a range of good quality housing in the right areas to attract the calibre of workers they need.

## **Type and Mix of Housing**

- 28 The County Durham Plan seeks to deliver a wide choice of quality homes to that meet needs. The Council’s SHMA has considered housing needs in County Durham in line with National Planning Policy Framework (NPPF) and has underpinned policies in the County Durham Plan.
- 29 In particular, two policies of the Plan are relevant in the context of the type and mix and design quality of homes delivered. Policy 19 (Type and Mix) considers the housing composition on a site and Policy 29 (Sustainable Design), seeks to ensure development is well-designed, responds to the local context and incorporates appropriate energy standards.
- 30 Policy 19 seeks to secure an appropriate mix of dwelling types and sizes. The Policy seeks to take account of existing imbalances in the housing stock, site characteristics, viability and other economic and market considerations amongst other things.
- 31 The Policy recognises that the County Durham economy is improving and in order to support the economic ambitions and expectations of residents, a complementary housing offer is required. Policy 19 reflects that the SHMA can assist in informing an appropriate mix of dwelling sizes, and in addition developers can also provide additional supporting information. It is recognised that an element of flexibility is required in developing a mix of homes based on physical site constraints, market demand and viability issues.
- 32 In County Durham, there is a higher proportion of terraced properties than the national average. This is largely a result of the county’s industrial legacy. There is a significantly lower proportion of flats and maisonettes than the national average. This is likely a characteristic of the form of the settlements across the county.



Source: MHCLG - % of total dwellings by type

- 33 The SHMA sets out that there is a significant need for family sized housing to be provided as part of any market housing mix. There is also

a high need for smaller housing units, which is driven by demographic change which is creating smaller household sizes.

	County Durham 2016-35	County Durham Annual Need
<b>MARKET HOUSING</b>		
1 bedroom	969	51
2 bedrooms	3,354	177
3 bedrooms	4,690	247
4 bedrooms	-67	-4
5+ bedrooms	23	1
<b>Total Market Housing</b>	<b>8,969</b>	<b>472</b>
<b>AFFORDABLE HOUSING</b>		
1 bedroom	4,334	228
2 bedrooms	7,211	380
3 bedrooms	3,653	192
4 bedrooms	555	29
5+ bedrooms	131	7
<b>Total Affordable Housing</b>	<b>15,883</b>	<b>836</b>
<b>TOTAL</b>	<b>24,852</b>	<b>1,308</b>

- 34 The quality of homes is an important component in providing a wide choice of homes in County Durham. Policy 29 (Sustainable Design) sets out that new development will be expected to be of a high design quality that respects and responds to the local context and distinctiveness of the area. In this context new homes are expected to align with best practice guidance to support the development of a high quality built environment.
- 35 The Policy also embeds Building for Life 12 (BfL) which is a government endorsed industry standard for well-designed homes and neighbourhoods. BfL seeks to address the concerns of local communities by setting standards which developers have to meet in order to achieve planning approval. These questions refer to topics such as car parking, design of streets, legibility, local character and access to facilities and public transport amongst others.
- 36 The Council has incorporated the BfL Standards into a design review process which has been operating since 2016. This process has now been formalised within the Council's Building for Life Supplementary Planning Document. In submitting a planning application applicants need to provide evidence of how their development performs against each question to enable a conversation about the design of new schemes between the applicant and the local planning authority.

37 Policy 29 has also introduced the Nationally Described Space Standards (NDSS) in County Durham. Evidence demonstrated that many new homes across the country were being built below the recommended NDSS minimum size standards. These standards, introduced through Policy 29, address internal space within new dwellings across all tenures, including both market and affordable. They also cover minimum floor areas and room widths for bedrooms, minimum floor to ceiling heights and minimum floor areas for storage.

### Past Performance in Housing Delivery

38 The adopted County Durham Plan used the Government’s standard methodology to calculate its local housing need. Taking into account past delivery this resulted in annual need for 1,308 new dwellings per annum or 24,852 new dwellings needed 2016-2035.

39 Delivery over the last six years has been consistently above the target of 1,308 and at times, in 2018/19 and 2019/20, significantly above (see table below). There was however a drop in 2020/21, probably due to the Covid19 Pandemic, but this has now recovered to 1600 in the last year. The shows a good level of housing delivery which helps meet our needs but also means we can more effectively resist housing in inappropriate locations.

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Gross housing completions</b>	1,417	1,356	1,513	1,633	1,343	1,608
<b>Net housing completions</b>	1,410	1,339	1,463	1,628	1,328	1,600*

\*figure may be subject to change

40 A key part of housing delivery is the delivery of the affordable housing we need to meet the quantitative need set out in the Strategic Housing Market Assessment (SHMA), which supports the County Durham Plan. Affordable housing is delivered in two main ways, through S106 agreements secured with housing developers as part of planning permissions on new housing sites and through the National Affordable Housing Programme and the Shared Ownership and Affordable Homes Programme managed by Homes England.

41 The SHMA identified a need for 836 additional affordable homes per annum up to 2035. As can be seen in the table below total affordable housing completions have been below the need figure for a number of

years. This is not surprising as if we were to meet our annual figure this would require over 50% of all housing completions.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>NAHP and SOAHP</b>	271	136	170	314	334	431	405	Not yet received
<b>S.106 units</b>	76	126	152	159	198	197	73	137
<b>Total Affordable housing completions</b>	347	262	322	473	532	628	478	

## Encouraging the Delivery of Housing

- 42 The Council takes meeting our housing needs seriously and uses a number of approaches to encourage delivery.

### Enabling the Private Sector

- 43 The County Durham Plan provides certainty and consistency to residents, investors and developers. Viability work that accompanied the Plan showed that sites in higher value areas have the highest probability of actually being delivered. Therefore, to ensure that the housing our existing and future residents need is built the Plan identified a good spread of allocations across the county including in the highest and high value areas where delivery is more certain. Housing developments in high value areas are also more likely to deliver a greater amount of affordable housing and other infrastructure such as school places and health facilities because the extra value in the sites means they can meet more of the S106 requirements. To ensure delivery in some lower value areas choices may need to be made in the S106 asks.

### Infrastructure Delivery

- 44 The County Durham Plan is supported by an Infrastructure Delivery Plan (IDP). The IDP describes County Durham's infrastructure requirements to support the delivery of the County Durham Plan until 2035.

- 45 The IDP has been developed in partnership with providers to identify infrastructure needs, delivery costs, and particularly seeks to identify barriers such as shortfalls in finance relating to infrastructure delivery. The IDP assists partners to make efficient decisions about their own investment programmes and has been developed in co-operation with adjoining local authorities to identify cross boundary issues. The IDP highlights the key development aspirations of the County Durham Plan, including where future housing and jobs will be located, and identifies those places where additional infrastructure or capacity is needed in the future.
- 46 The IDP considers physical infrastructure, such as transport, utilities and communications, social infrastructure, including medical care and education provision, and green infrastructure, such as open space and playing pitches.

### **The Housing Strategy and Approach to Partnership Working**

- 47 The Housing Strategy was adopted by the Council in July 2019 and was developed to consider housing issues across County Durham. The Strategy provides a strategic framework to inform the actions and investment of the Council and its partners. In addition, the Housing Strategy contains a series of 'key messages' which serve to articulate the Council and its partners' delivery priorities and approach to addressing housing issues. First and foremost, the Housing Strategy seeks to put people first and to focus on the housing needs of the residents of County Durham. Key messages within the Housing Strategy include:
- raising standards across the private rented sector through seeking greater licencing powers in order to tackle poor landlords, as well as continuous engagement with landlords and the extension of the Accredited Landlord Scheme for responsible landlords;
  - delivering homes to meet the needs of older people within our communities and supporting people to live independently for as long as possible;
  - working with those communities most affected by long term empty properties. This will include working with property owners and landlords with the aim of bringing empty properties back into use wherever possible; and
  - maximising the delivery of affordable homes, both by securing developer contributions as part of new housing development and

through close partnership working with Registered Providers and Homes England.

- 48 The Housing Strategy is delivered in partnership through the Housing Forum and in discussion with the county's residents, the private sector and other agencies as appropriate. In order to support and facilitate partnership working, the Housing Strategy includes a Partnership Framework. The Framework reflects the Housing Forum and the related partnership subgroups, which are attended by the Council and Registered Housing Providers.

### **Selective Licensing**

- 49 From 01 April 2022, a private landlord renting a property in designated areas within County Durham must obtain a licence in order to legally rent the property. A total of at least 29,000 (42%) of the private rented sector in the county is covered by the scheme, which was approved by government on 30 November 2021 following an application by the council, made on 23 December 2020. The scheme covers 103 of the 324 Lower Super Output Areas in County Durham, concentrating mainly on areas with high private rented stock but only where there is also evidence of high levels of anti-social behaviour and deprivation, and low housing demand.
- 50 Selective licensing is a key part of the County Durham Housing Strategy and aims to maintain a high standard of rented properties in County Durham and helps to create long-term, sustainable neighbourhoods by ensuring that any privately rented properties are well managed and in good condition. It will also protect both residents and tenants alike by tackling landlords who do not comply. Rental properties will be inspected by the council and landlords will be required to make repairs and improvements that have been identified as part of inspections and failure to comply will result in enforcement action being taken.

### **Council House Building**

- 51 In October 2020 Cabinet agreed to progress with a Council Homes programme with a comprehensive strategy to deliver 500 new council homes between now and 2026. This was centred around 5 strategic themes covering governance, development, finance, housing management and regulatory standards and is taking advantage of the new financial flexibilities through the removal of the debt cap with regard to the management of the Housing Revenue Account.
- 52 The Council new build programme will help deliver affordable homes and complement and provide additionality to the current new build programme of Registered Providers (RPs).

- 53 Work has been progressing on the first 8 sites comprising a total of 124 units located at Greenwood Ave, Burnhope, Chaytor Rd, Bridgehill, Consett, Clevesfyre House (former building occupying the site), Edison Street, Merrington View, Hamsterley Gardens, Hilltop and Portland Avenue. Site investigations have now been completed, draft layouts prepared, and a range of house type designs developed. A pilot delivering two of the first 8 schemes using Modern Methods of Construction has also been agreed.
- 54 In December 2021, Cabinet agreed a further 17 sites for the remainder of the programme and also agreed a plan to deliver a proportion of the programme in the more rural west of the County.
- 55 There is a clear need to develop a subtly different approach to address the lack of affordable homes within the rural west of the county and this represents a significant challenge for the Council. The Council does not have any available sites within the west of the county, so an alternative strategy is required to directly deliver affordable housing in these localities. This will be the subject of a future Cabinet report.
- 56 The Council is setting out to deliver high quality energy efficient homes with a focus on the provision of around 65% of the homes developed as bungalow accommodation for our aging population. The Homes will be built to the highest standards of energy efficiency and sustainability. We have engaged mechanical and electrical consultants to provide advice and design input into the heating installations within our homes as we are planning to use an alternative to gas heating from day one ahead of the Government's target of 2025. The most likely solution will be the installation of air source heating pumps coupled with improved thermal insulation
- 57 Requests for pre-planning advice for the sites were submitted in December 2021 and observations were received during February and March this year and where necessary adjustments are being made to the proposals. Cost plans have also now been prepared for each of the sites which must now undergo a viability assessment before schemes can be progressed for full planning consent and procurement.
- 58 In conjunction with the construction programme work is progressing on ensuring the Council is compliant with the Regulatory Framework from the Regulator of Social Housing, an ICT system is in place to manage the housing service and preparations are also underway for the re-opening of the Council's Housing Revenue Account.
- 59 Upcoming milestones in the progression of the Council House Building Programme include:
- April 2022 – Viability assessments completed

- April 2022 – Full planning applications submitted on first 8 sites
- May 2022 – First 4 units handed over after acquisition from Chapter Homes
- August 2022 – Main contractor procurement
- October 2022 – Contract award
- October 2022-December 2022 – Mobilisation
- Jan 2023 – Site Commencement

### **Chapter Homes**

- 60 Chapter Homes was formed in 2015 by the Council who are committed to increasing the delivery of new homes within County Durham to meet the needs of the community and to support regional growth.
- 61 A first development of 125 new homes commenced on site in Newton Aycliffe in January 2016 and given its success the development was further extended through the purchase of third-party land. As such a total of 143 new homes were delivered. The housing mix included homes for sale, private rent and affordable housing. The scale of the development demonstrated the commitment of the Council and Chapter Homes to significantly increase the number of new homes being delivered within this important location which has had significant commercial activity within the area.
- 62 Through the success of the first development, a second new housing scheme at Oakerside Drive in Peterlee commenced, with a total of 67 new homes being constructed. A mix of open market sale combined with affordable homes have made this development a success, all homes are now fully constructed and reserved. A total of 9 new homes on this development are affordable, above the planning policy requirement.
- 63 At present work is progressing at the Gilesgate development, located at a former school site in Durham City. The site includes the delivery of 6 affordable bungalows, which the Council will own and manage. A total of 15 of the new homes on this development are affordable, inclusive of the 6 bungalows.
- 64 Chapter Homes also delivers affordable homes through working with Registered Housing Providers and through offering homes for sale at a discounted rate, enabling customers to get onto the property ladder.

- 65 Supporting the local supply chain remains a key aim of the company and a clear commitment of the Council. An order for a total of 750,000 bricks to be used in the construction of the development has been placed with a local brickwork, meaning the development will utilise a well-established local product which demonstrates the commitment of the company, the use of the local supply chain has also extended to other key items such as kitchens.
- 66 Chapter Homes is now positioned to take forward its experience and to focus on continued company growth through a range of housing developments. There is a commitment that affordable and older persons housing is a key driver for the Council, as such the company will act upon these aims and continue to seek to deliver a wide range of products, including affordable and older person housing to meet the needs of its customers.

## **Conclusion**

- 67 The approach of the adopted County Durham Plan's spatial strategy is to seek to reduce the number and length of journeys undertaken by car and increase the opportunity for journeys to be made by walking, cycling and public transport including to access employment.
- 68 A well-functioning housing market is also considered to be important for the county to remain competitive and attractive business and economic activity, which in turn will drive the economic growth the country needs. It is therefore imperative that there is a supply of good quality homes of the right type in the right locations.
- 69 The Council is committed to delivering the new housing the county needs both in terms of the quantity needed to meet identified needs and the type and mix, including specialist products such as affordable housing, specialist housing and housing to meet the needs of older persons.
- 70 The County Durham Housing Strategy provides a framework for partnership working with registered housing providers through the Housing Forum and subgroups.
- 71 Selective licensing is a key part of the County Durham Housing Strategy. From 01 April 2022, a private landlord renting a property in designated areas within County Durham must obtain a licence in order to legally rent the property.
- 72 Chapter Homes was formed in 2015 by the Council who are committed to increasing the delivery of new homes within County Durham to meet the needs of the community and to support regional growth.

## Background papers

- County Durham Plan
- County Durham Housing Strategy

## Author(s)

Geoff Paul	<a href="mailto:geoff.paul@durham.gov.uk">geoff.paul@durham.gov.uk</a>
Mike Allum	<a href="mailto:mike.alum@durham.gov.uk">mike.alum@durham.gov.uk</a>
Graeme Smith	<a href="mailto:graeme.smith2@durham.gov.uk">graeme.smith2@durham.gov.uk</a>
Ian Conway	<a href="mailto:ian.conway@durham.gov.uk">ian.conway@durham.gov.uk</a>

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## **Appendix 1: Implications**

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### **Legal Implications**

The involvement of the Council's legal team has been intrinsic to developing the County Durham Plan and the detail of the setting up of Chapter Homes and the progressing of the Council House Building Programme.

### **Finance**

The financial implications of the different elements of this report have been considered separately in relevant Council reports.

### **Consultation**

None.

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

None.

### **Climate Change**

The Climate Change implications of the different elements of this report have been considered separately in relevant Council reports.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

None.

### **Procurement**

None.

# Housing Update Economy & Enterprise Overview and Scrutiny Committee

Geoff Paul, Head of Development and  
Housing



# Background

Through its policies and strategies the Council makes a number of commitments relating to housing:

- New development, including housing should be focused on sustainable locations which maximise use of public transport, walking and cycling
- Sufficient housing should be provided to meet the needs of our residents
- The type and mix of housing should meet the need for specialist products such as affordable housing and housing to meet the needs of older persons
- Providing the right houses in the right places to encourage private sector investment
- In order to help meet these commitments the Council set up Chapter Homes in 2015 to deliver market and affordable housing and in 2020 agreed an ambitious programme of council house building

# The Location of New Housing

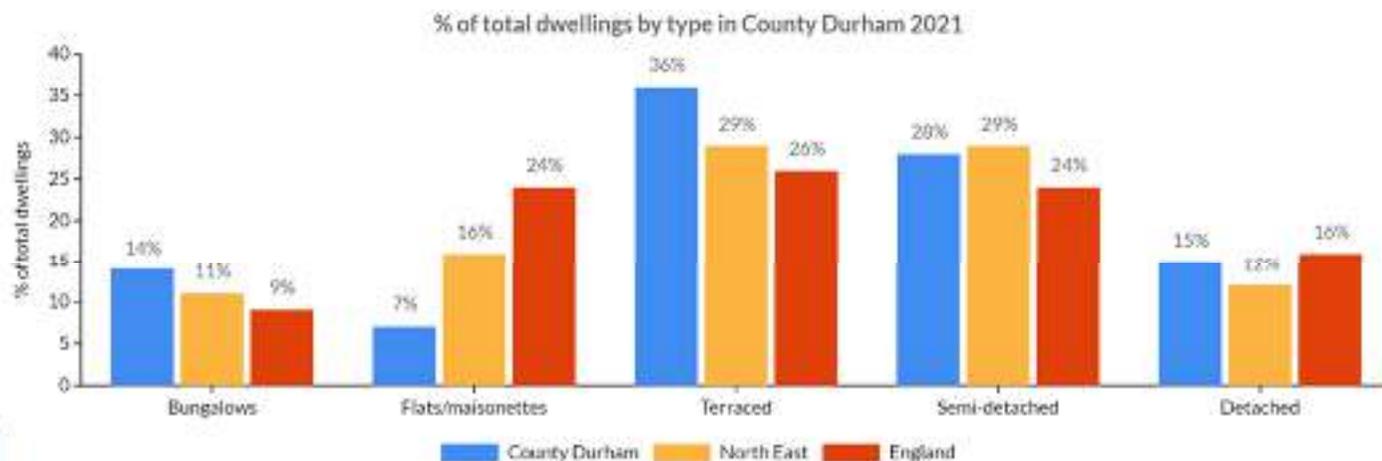
- The settlements in the A1 and A19 corridors are likely to be a draw for business investment
- Other settlements such as Bishop Auckland and Consett provide opportunities for locally important businesses
- County Durham Plan seeks to maximise the opportunity for journeys to be undertaken by walking, cycling and public transport by focusing on our larger centres
- This approach will also increase the chances of the houses being delivered and maximise opportunities to attract new investment.

# Housing and Private Sector Investment

- The economic contribution that house building makes to the economy has long been recognised
- A well-functioning housing market is considered to be important for an area to remain competitive and attractive to business and economic activity
- Business, investors and developers require a range of good quality housing in the right areas
- A key consideration of the spatial strategy of the County Durham Plan is therefore to provide a supply of good quality housing sites in the right locations

# Type and Mix of Housing

- The County Durham Plan seeks to deliver a wide choice of quality homes to that meet needs particularly through two policies:
- Policy 19 (Type and Mix) which seeks to:
  - Secure an appropriate mix of dwelling types and sizes taking account of evidence in the Strategic Housing Market Assessment (SHMA) and existing imbalances in the housing stock (shown below)
  - Provide a complementary housing offer to support our economic ambitions



Source: MHCLG - % of total dwellings by type

# Type and Mix of Housing (cont..)

- The table below from the SHMA also sets out that:
  - There is a significant need for family sized housing to be provided as part of any market housing mix
  - There is a high need for smaller housing units, which is driven by demographic change which is creating smaller household sizes

	County Durham 2016-35	County Durham Annual Need
<b>MARKET HOUSING</b>		
1 bedroom	969	51
2 bedrooms	3,354	172
3 bedrooms	4,650	247
4 bedrooms	-67	-4
5+ bedrooms	23	1
<b>Total Market Housing</b>	<b>8,969</b>	<b>472</b>
<b>AFFORDABLE HOUSING</b>		
1 bedroom	4,334	228
2 bedrooms	7,211	380
3 bedrooms	3,653	192
4 bedrooms	555	29
5+ bedrooms	131	7
<b>Total Affordable Housing</b>	<b>15,884</b>	<b>836</b>
<b>TOTAL</b>	<b>24,852</b>	<b>1,308</b>

## Type and Mix of Housing (cont..)

- Policy 29 (Sustainable Design) which:
  - Sets out that new development will be expected to be of a high design quality
  - Embeds Building for Life 12 (BfL) which encourages well-designed homes and neighbourhoods
  - Introduces the Nationally Described Space Standards (NDSS)

## Past Performance in Housing Delivery

- CDP confirms an annual need for housing of 1,308 new dwellings per annum or 24,852 new dwellings needed 2016-2035

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Gross housing completions	1,417	1,356	1,513	1,633	1,343	1,608
Net housing completions	1,410	1,339	1,463	1,628	1,328	1,600*

\*figure may be subject to change

# Meeting Affordable housing needs

- The SHMA identifies a need for 836 additional affordable homes per annum up to 2035.

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
NAHP and SOAHP	271	136	170	314	334	431	405	Not yet received
S.106 units	76	126	152	159	198	197	73	137
<b>Total Affordable housing completions</b>	<b>347</b>	<b>262</b>	<b>322</b>	<b>473</b>	<b>532</b>	<b>628</b>	<b>478</b>	-

# Council Homes Programme - Background

- In order to help meet the need for Affordable Housing, Cabinet agreed in October 2020 to progress with a Council Homes programme to deliver 500 new council homes by 2026
- The SHMA identified the need for 836 affordable homes per annum to 2035
- From 2014 to 2019 a total of 1,956 affordable homes were delivered against a target of 4,180, 46.8% of the homes required
- The Council Homes programme will help bridge this gap and complement the new build programme of Registered Providers (RPs)

# Council Homes Programme - Sites

- Work has been progressing on the first 8 sites comprising a total of 124 units located at:
  - Greenwood Ave, Burnhope
  - Chaytor Rd, Bridgehill, Consett
  - Clevesfyre House
  - Edison Street
  - Merrington View
  - Hamsterley Gardens
  - Hilltop
  - Portland Avenue
- Site investigations have now been completed, draft layouts prepared, and a range of house type designs developed
- In December 2021, Cabinet agreed a further 17 sites for the remainder of the programme and also agreed a plan to deliver a proportion of the programme in the more rural west of the County

# Council Homes Programme – The Homes

- The Council is setting out to deliver homes:
  - To be of a high quality layout and design
  - Built to the highest standards of energy efficiency
  - A pilot delivering two of the first 8 schemes using Modern Methods of Construction
  - Around 65% of the homes developed as bungalow accommodation for our aging population

# Council Homes Programme – Milestones

- Upcoming milestones in the progression of the Council Homes Programme include:
  - April 2022 – Viability assessments completed
  - April 2022 – Full planning applications submitted on first 8 sites
  - May 2022 – First 4 units handed over after acquisition from Chapter Homes
  - August 2022 – Main contractor procurement
  - October 2022 – Contract award
  - October 2022-December 2022 – Mobilisation
  - Jan 2023 – Site Commencement

# Housing Strategy and Partnership Delivery

- Housing Strategy adopted in July 2019.
- Key messages include:
  - Raising standards across the private rented sector.
  - Delivering homes to meet the needs of older people.
  - Seeking to bring empty properties back into use wherever possible.
  - Maximising the delivery of affordable homes.
- The Housing Strategy is delivered in partnership through the Housing Forum and related subgroups.

# Selective Licencing

- From 01 April 2022, a private landlord renting a property in designated areas within County Durham must obtain a licence in order to legally rent the property.
- A total of at least 29,000 (42%) of the private rented sector in the county is covered by the scheme, which was approved by government on 30 November 2021.
- The scheme concentrates mainly on areas with high private rented stock but only where there is also evidence of high levels of anti-social behaviour and deprivation, and low housing demand

# Chapter Homes

- Chapter Homes was formed in 2015
- The Chapter Homes' Business Plan highlights a number of development opportunities on Council owned land and creating new opportunities within the private sector
- An ambitious first development of 143 new homes commenced on site in Newton Aycliffe in January 2016. The housing mix included homes for sale, private rent and affordable



# Chapter Homes

- Following the success of the first development, a second new housing scheme at Oakerside Drive in Peterlee commenced for a total of 67 new homes for a mix of open market sale and 9 affordable homes, above the planning policy requirement
- This image demonstrates the progress achieved within 7 weeks of the land being purchased, showing the commitment Chapter Homes has in progressing developments without delay



# Chapter Homes

## Hartley Gardens



Where memories happen

CHAPTER  
HOMES

- Currently work is progressing on a development on the former school site in Gilesgate, including 6 bungalows which the Council will own and manage. Completion expected by the end of 2022
- A total of 15 of the new homes on this development are affordable, inclusive of the 6 bungalows

# Chapter Homes - Future

- Given Chapter Homes success to date it will continue into the future with a number of other schemes
- Supporting the local supply chain remains a key aim of Chapter Homes and the Council.
- A commitment to affordable and older persons housing will be a key driver

# Questions?

**Economy and Enterprise Overview and  
Scrutiny Committee**

**26 April 2022**



**Regeneration and Economic Growth –  
Quarter 3: Forecast of Revenue and  
Capital Outturn 2021/22**

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**Report of Corporate Directors**

**Paul Darby, Corporate Director of Resources**

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

**Electoral division(s) affected:**

Countywide

**Purpose of the Report**

- 1 To provide details of the forecast outturn position for quarter 3 revenue and capital for Regeneration, Economy and Growth (REG) as at 31 December 2021.

**Executive summary**

- 2 This report provides an overview of the forecast of outturn, based on the position at quarter 3, 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 underspend of £1.687 million, against a revised budget of £54.169 million.
- 4 In arriving at the cash limit position, Covid-19 related expenditure and loss of income, net of Covid-19 related savings of £7.060 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 £86.975 million with expenditure to 31 December of £51.285 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, 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 - £54.169 million (original £49.630 million)
- (b) Capital Programme – £86.975 million (original £97.178 million)

9 The original service revenue 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	£0.055 m
Transfer to NCC – Dale View Caravan Park	-£0.009 m
Other Pay and National Insurance changes	£0.024 m
Communication Management – from CEO	£2.007 m
Central Costs - CEO	-£1.030 m
Combined Authority Grant adj	£0.093 m
Q1 Earmarked Reserves (Temporary)	£3.416 m
Q1 Corporate Contingencies (Temporary)	£0.688 m
Q2 Earmarked Reserves (Temporary)	-£0.744 m
Q2 REG Cash Limit (Temporary)	£0.022 m
Q2 Corporate Contingencies (Temporary)	£0.182 m
<b>Total change</b>	<b>£4.539 m</b>

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 underspend of **£1.687 million** against a revised budget of **£54.169 million** (3.11%).
- 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	842	4,054	3,212	0	(502)	(2,710)	0
Development and Housing	6,904	6,567	(337)	0	418	(404)	(323)
Corporate Property & Land	(835)	(760)	75	0	546	(638)	(17)
Culture Sport & Tourism	14,458	17,580	3,122	(80)	(494)	(3,117)	(569)
Transport & Contracted	3,966	2,721	(1,245)	825	69	(184)	(535)
Communications Mgt	2,006	2,075	69	0	(196)	0	(127)
REG - Central Costs	26,828	26,719	(109)	0	0	(7)	(116)
<b>Total</b>	<b>54,169</b>	<b>58,956</b>	<b>4,787</b>	<b>745</b>	<b>(159)</b>	<b>(7,060)</b>	<b>(1,687)</b>

- 13 The cash limit underspend of £1.687 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 underspend by £0.535 million against budget. In Strategic Traffic there is an underspend of £0.299 million in Road Safety and Traffic Assets mainly in relation to staff turnover, projected additional enforcement income across the county of £0.313 million and an underspend of £0.092 million relating to the temporary closure of Durham Bus Station offset by costs of repairs

to bus shelters and additional security due to anti-social behaviour. In Care Connect there is a shortfall of £0.120 million in relation to reduced SLAs and subsidised client income offset by underspends in staffing. In Sustainable Transport there are additional costs of £0.036 million to bring in a consultant to assist on the new database and a reduction of £0.120 million in departure charges from Durham Bus Station. There is a forecast net cost of £0.184 million in this area to be covered via COVID general grant.

- 16 Corporate Property and Land is forecast to underspend by £17,000 against budget. This is the net effect of an overspend due to costs associated with external support for case work in the Strategy and Property Management service, offset by lower costs associated with the Energy Centre at Freeman's Reach and savings in Facilities Management. There is a forecast net cost of £0.638 million in this area to be covered via COVID general grant.
- 17 Development and Housing is forecast to underspend against budget by £0.323 million. This is the net effect of an underspend of £0.626 million in Planning Development resulting from higher than budget levels of planning fee and building control income, offset by overspends of £0.170 million in Strategy and Project Development and £0.117 million in Economic Development. There were also various minor overspends across the service. There is a forecast net cost of £0.404 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 £2.710 million of COVID general grant funding to support the payment of business recovery grants.
- 19 Culture, Sport and Tourism is forecast to underspend by £0.569 million against budget. The main reasons are underspends in Service Development (£0.243 million) and Locality Services (£0.485 million), primarily relating to vacant posts offset by an unrealised MTFP saving of £0.201 million. There is a forecast net cost of £3.117 million in this area to be covered via COVID general grant.
- 20 Communications Management is forecast to underspend by £0.127 million against budget due to a combination of vacant posts held in advance of MTFP savings required in 2022/23, and reduced costs due to not publishing a Summer Fun Guide or Guide to Services in 2021/22.
- 21 Central costs are forecast to underspend by £0.116 million against budget.

- 22 In summary, the service grouping is managing to maintain spending within its cash limit and as a result is forecast to add £1.687 million to the Regeneration Cash Limit Reserve.

### Capital Programme

- 23 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.
- 24 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 £86.975 million.
- 25 Summary financial performance for 2021/22 is shown below.

Service	Revised Annual Budget 2021/22 £000	Actual Spend to 31 December £000	Remaining Budget 2021/22 £000
Culture, Sport and Tourism	11,085	5,883	5,202
Development & Housing	33,637	17,975	15,662
Business Durham	5,813	4,986	827
Corporate Property & Land	26,509	18,009	8,500
Transport & Contracted Services	9,931	4,432	5,499
<b>Total</b>	<b>86,975</b>	<b>51,285</b>	<b>35,690</b>

- 26 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 9 months amounts to **£51.285 million**. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.
- 27 The key areas of spend during the year to date are on Office Accommodation (£14.515 million) and Housing Renewal (£7.711 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

- a) County Council Report (24 February 2021) – Medium Term Financial Plan 2021/22 to 2024/25 and Revenue and Capital Budget 2021/22.
- b) Cabinet Report (15 September 2021) – Forecast of Revenue and Capital Outturn – Period to 30 June 2021.
- c) Cabinet Report (17 November 2021) – Forecast of Revenue and Capital Outturn – Period to 30 September 2021.
- d) Cabinet Report (16 March 2022) – Forecast of Revenue and Capital Outturn – Period to 31 December 2021.

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**Contact:** Ian Herberson

Tel: 03000 261861

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## **Appendix 1: Implications**

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### **Legal Implications**

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

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**Appendix 2: REGENERATION Forecast Outturn at Q3 – Subjective Analysis**


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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	63,170	60,250	(2,920)	0	(333)	169	(3,084)
Premises	16,441	17,310	869	0	397	(9)	1,257
Transport	1,612	1,481	(131)	0	0	29	(102)
Supplies & Services	22,420	34,473	12,053	(116)	(716)	(1,612)	9,609
Third Party Payments	41,282	45,904	4,622	870	(4)	179	5,667
Transfer Payments	0	0	0	0	0	0	0
Capital	14,763	14,763	0	0	0	0	0
Central Costs	12,575	12,793	218	0	(5)	0	213
DRF	280	280	0	0	0	0	0
<b>Gross Expenditure</b>	<b>172,543</b>	<b>187,254</b>	<b>14,711</b>	<b>754</b>	<b>(661)</b>	<b>(1,244)</b>	<b>13,560</b>
Grant	(10,540)	(20,116)	(9,576)	0	523	49	(9,004)
Contributions	(17,896)	(19,427)	(1,531)	0	(219)	0	(1,750)
Sales	(2,431)	(988)	1,443	0	0	(1,506)	(63)
Charges	(26,833)	(24,175)	2,658	(9)	78	(4,237)	(1,510)
Rents	(8,846)	(10,089)	(1,243)	0	0	(22)	(1,265)
Recharges	(51,279)	(53,000)	(1,721)	0	0	(100)	(1,821)
Other Income	(549)	(503)	46	0	120	0	166
<b>Gross Income</b>	<b>(118,374)</b>	<b>(128,298)</b>	<b>(9,924)</b>	<b>(9)</b>	<b>502</b>	<b>(5,816)</b>	<b>(15,247)</b>
<b>Total</b>	<b>54,169</b>	<b>58,956</b>	<b>4,787</b>	<b>745</b>	<b>(159)</b>	<b>(7,060)</b>	<b>(1,687)</b>

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

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 31 December £000	Remaining Budget £000
<b>General Fund</b>				
<b>Development &amp; Housing</b>				
North Dock, Seaham	231	231	0	231
Town Centres	8,689	6,112	4,398	4,291
Town & Village Centre	1,540	1,321	1,144	396
Minor Schemes	180	135	135	45
Disabled Facilities Grant /FAP	6,422	4,770	4,568	1,854
Housing Renewal	14,755	9,860	7,711	7,044
Housing Development	913	113	19	894
Chapter Homes	0	0	0	0
Beamish Capital Project	777	223	0	777
Strategy & Programmes Minor Schemes	130	0	0	130
	<b>33,637</b>	<b>22,765</b>	<b>17,975</b>	<b>15,662</b>
<b>Business Durham</b>				
Industrial Estates	5,813	4,019	4,986	827
	<b>5,813</b>	<b>4,019</b>	<b>4,986</b>	<b>827</b>
<b>Corporate Property and Land</b>				
Structural Capitalised Maintenance	5,165	2,889	2,924	2,241
Milburngate	3,863	571	571	3,292
Office Accommodation	17,482	14,775	14,515	2,967
	<b>26,509</b>	<b>18,235</b>	<b>18,009</b>	<b>8,500</b>
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	3,745	1,778	1,400	2,345
Transport Major Schemes	5,372	3,211	2,593	2,779
T&CS Minor Schemes	813	515	439	374
	<b>9,931</b>	<b>5,504</b>	<b>4,432</b>	<b>5,499</b>
<b>Culture, Sport and Tourism</b>				
AAP Schemes	9	0	0	9
Culture and Museums	8,095	5,148	4,615	3,480
Leisure Centres	2,917	1,701	1,195	1,722
Library	0	0	0	0
Outdoor Sports and Leisure Facilities	73	73	73	0
	<b>11,085</b>	<b>6,922</b>	<b>5,883</b>	<b>5,202</b>
<b>REG Total</b>	<b>86,975</b>	<b>57,445</b>	<b>51,285</b>	<b>35,690</b>

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**Meeting:** County Durham Economic Partnership Board

**Date & Time:** Tuesday 1<sup>st</sup> March 2022 at 3.00pm

**Venue:** New College Durham & Teams attendees



Better for everyone

	Name	Organisation/Pillar Rep
<b>Present:</b>	Glyn Llewellyn (GL)	Chair
	Sarah Slaven (SS)	Business Competitiveness
	Reshma Begum (RB)	Federation of Small Business
	Andrew Broadbent (AB)	People
	Allison Gittins (AG)	Durham Business Group
	Andy Bailey (ACB)	Partnership Team, DCC
	Angela Brown (ABro)	Partnership Team, DCC (minutes)
<b>Attended Via Teams:</b>	Sue Parkinson (SP)	Resources
	Bill Fullen (BF)	Inclusive Growth
<b>Also in attendance:</b>	Alison Clark (AC)	Head of Culture, Sport & Tourism DCC
	Jim Cokill (JC)	Chair of Environment & Climate Change Partnership
<b>Apologies:</b>	Joanna Laverick	VCS Voice
	Amy Harhoff	Durham County Council
	Cllr Elizabeth Scott	Durham County Council
	Jon Gluyas	Durham University

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
1.	<b>Welcome and apologies</b>	GL welcomed everyone to the meeting		
2.	<b>Minutes of the meeting</b>	The minutes from the last meeting held on <b>1<sup>st</sup> December 2021</b> were agreed as a true reflection of the meeting		
3.	<b>Matters arising</b>	All actions from last meeting were complete apart from <ul style="list-style-type: none"> <li>• <b>AC to organise meeting at New College Durham how can support each other</b> - AC will organise this.</li> </ul>	<b>AC</b>	
4.	<b>City of Culture Bid Update – Alison Clark</b>	<p>AC gave an updated presentation on City of Culture Bid</p> <p><b>Questions/Comments</b></p> <p>GL felt there is big opportunities for businesses, but we need something like a short video clip to help with pushing this.</p> <p>AC agreed to speak with New College Durham about development of skills plan that supports the programme and future jobs in the creative industries</p> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>• <b>AC to arrange short video clip to share with Businesses</b></li> <li>• <b>AC to speak to AB at New College Durham in relation to skills plan to support programme and future jobs in the creative industries</b></li> </ul>	<b>AC AC &amp; AB</b>	



Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p>Board members were encouraged to get partners to complete the survey</p> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>• <b>Board members encouraged to send link to their networks</b></li> <li>• <b>Presentation to be circulated</b></li> </ul>	<b>ALL ABro</b>	
7.	<b>Shared Prosperity Fund – Sue Parkinson</b>	<p>UK Shared Prosperity Fund – agreed as per paper. SP agreed to write formally to DCC to make the offer and wait for acceptance before operationalising</p> <p><b>Action:</b></p> <ul style="list-style-type: none"> <li>• <b>SP to write to DCC on behalf of the CDEP Board</b></li> </ul>	<b>SP</b>	
8.	<b>Partners updates/partnership Communication - All</b>	<p><i>Allison Gittins</i> Durham Business Group have taken over Portland House and have managed to fill most of the office space. Venues are now stating to welcome us back</p> <p><i>Andy Bailey</i> In relation to the Economic Strategy Andy asked if ‘approach to Wellbeing’ will be used – SS said she will take this back and ask the question</p> <p><i>Andrew Broadbent</i> T level/A Level Open Day on Saturday where school leavers and parents/carers are invited to learn more about both qualifications at the open event. Specialist staff from the A-Level and T-Level teams will be on hand to discuss the courses and answer any questions . T levels are progressing very slowly</p> <p>Hopefully as mentioned earlier Greenskills Bootcamp will be successful Working with DCC to look at problems with NEET Out of area school project – working on this at minute In development with Amazon helping them with woman’s day</p> <p><i>Sue Parkinson</i> Keen to have a newsletter go out after Board meeting. Sue volunteered to draft this, It will be bullet points against each agenda item</p>	<b>SS</b>	

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p><i>Bill Fullen</i> Believe have promoted a number of apprenticeships for electricians and gas fitters. Working closely with the Council and Housing associations to secure funding, hopefully make future bids more successful.</p> <p><i>Reshma Begum</i> Business as usual is the word from small businesses, even though seen big increases in energy businesses are still wanting to grow and are keen to work with them on skills to help the growth.</p> <p><i>Sarah Slaven</i> Working on Space Sector leading on behalf of the region. Lockheed Martin is looking to set up a satellite manufacturing base in the UK to expand its global space business</p> <p>The North East Satellite Applications Centre of Excellence is inviting businesses to learn more about the growing space industry in the North East at its upcoming conference tomorrow at Durham Radisson Hotel and have had over 200 people registered to attend</p> <p>About to embark on Phase 3 of Netpark planning permission has been approved this morning £49.6m has been agreed to be invested to finance providing up to 270,000sq ft of new laboratory, office, production and storage space at one of the UKs premier science parks</p> <p>Community Renewal Fund – Marketing accelerator skills challenges got piece of research work going on of what is available, if there are any gaps and if so how do we fill these gaps</p>		
9.	<b>Any Other Business</b>	GL thanked everyone for attending the meeting today		
	<b>Date and time of Next Meeting</b>	<b>24<sup>th</sup> May at 11am at Durham Business Group, Portland House, Durham</b>		

