



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

**Date** Monday 3 October 2022  
**Time** 1.30 pm  
**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 28 June 2022 (Pages 3 - 14)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. County Durham Employment Land and Strategic Sites Update -  
Report of the Corporate Director Regeneration, Economy & Growth  
(Pages 15 - 62)
  - (i) Report of the Corporate Director of Regeneration, Economy and Growth.
  - (ii) Presentation by the Corporate Director of Regeneration, Economy and Growth
7. Quarter Four 2021/22 Revenue and Capital Outturn and Quarter One  
2022/23 Revenue and Capital Outturn (Pages 63 - 84)

Joint report of the Corporate Director of Resources and the Corporate  
Director of Regeneration, Economy and Growth

8. Quarter One 2022/23 Performance Management Report (Pages 85 - 106)  
Report of the Corporate Director of Resources
9. Minutes of the meeting of the County Durham Economic Partnership+ Board held on 24 June and the 22 July 2022 (Pages 107 - 118)
10. 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  
23 September 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 Lines, L Maddison, R Manchester, C Marshall, C Martin, J Miller, R Ormerod, A Reed, I Roberts, A Sterling, A Surtees, S Wilson and G Hutchinson

**Co-opted Members:**

Mrs R Morris and Mr E Simons

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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 **Tuesday 28 June 2022** at **9.30 am**

**Present:**

**Councillor B Moist (Chair)**

**Members of the Committee:**

Councillors A Jackson, M Abley, A Batey, G Binney, J Cairns, K Earley, D Haney, C Hood, B Kellett (substitute for S Wilson), C Martin, R Ormerod, A Reed, I Roberts, A Sterling, A Surtees and M McKeon (substitute for C Marshall)

**Co-opted Members:**

Mrs R Morris and Mr E Simons

**1 Apologies for Absence**

Apologies for absence were received from Councillors C Marshall, R Manchester and S Wilson.

**2 Substitute Members**

Councillor M McKeon substitute for Councillor C Marshall and Cllr B Kellett substitute for Councillor S Wilson

**3 Minutes of the meeting held 26 April and Special Joint meeting held 16 May 2022**

The minutes of the meeting held on 26 April and the special joint meeting held on 16 May 2022 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-opted Members or interested parties.

## **6 County Durham Economic Partnership - Update:**

The Committee considered a report of the Interim Corporate Director of Regeneration, Economy & Growth which provided an overview of the County Durham Economic Partnership (CDEP), including detail of governance arrangements, priorities identified, current activity and future plans (for copy of report and slides of presentation see file of Minutes).

The Chair welcomed S Parkinson, Vice-Chair of the CDEP who was in attendance to provide a presentation on the work of the partnership including detail of:

- The role of the CDEP Board and it's key areas of activity
- Partnership and collaboration work; including detail on the Shared Prosperity Fund and;
- Future priorities

Councillor Earley raised a point regarding the Shared Prosperity Fund guidance, and commented that he understood that it requires environmental/green topics/areas to be taken into account. He asked whether his interpretation was correct.

In response S Parkinson advised that his reading of this was correct and the CDEP was obliged to follow the guidance. She added that the partnership had an eye on net zero on everything they did. She further went on to provide some detail surrounding how the fund operates around the three core themes which are focused around 41 investment priorities where SPF can be invested and that within the three core themes there are green areas. She gave an example of DCC and the partnership taking a joint decision to focus on business start-ups then DCC with the support of the partnership could say that any proposals would need to understand the opportunities for Net Zero. However, there were some questions over how this would be commissioned, and whilst we want to support the start-up of any business, there was a challenge there as to how net zero was built into this.

S Parkinson reported that an event had been scheduled for the business community in respect of the Shared Prosperity Fund on 4 July 2022 and that a member briefing on the subject arranged for 8 July 2022.

Mrs M Morris, Co-optee noted that she was not aware of the event planned on 4 July and if possible, would like to be forwarded the link for invitation to attend. In addition, she asked that detail on the members briefing being held at County Hall also be forwarded to her. She furthermore asked why there was no representation from schools on the Partnership and in addition, in terms of new businesses a skills audit would be useful to help determine what skills businesses needed in the future.

In response S Parkinson advised that the 4 July event was for both partners and stakeholders and she would be happy to include Co-optees in the invitation. In response to other points made, she explained that membership was not in her gift to

amend, however took the point on board regarding education representation at school level and advised that she would feed this back to the partnership board. With regard to skills audits she acknowledged and appreciated how difficult the skills agenda is, noting this was a national issue and is also about the economy rebalancing. In terms of how the CDEP were addressing this she explained that opportunities were currently being reviewed, looking at opportunities in the UK SPF to undertake a piece of audit work.

Councillor McKeon asked several questions, the first being in relation to Trade Union engagement/representation on the partnership board, a query regarding transport being a barrier to employment particularly in rural areas, who could attend the UK SPF event on the 4 July and a further query regarding innovation, business ideas generated at Durham University and how these were being translated into business opportunities.

In response S Parkinson advised that the event on the 4 July is open for anyone to attend who has an interest in the UK SPF. She continued that transport was an important topic, however explained the issues arose due to bus companies being privately operated businesses, driven by profit. She added that without subsidy it was difficult for the partnership to address this topic. In response to the question and translating ideas into business opportunities, she provided an explanation as to how the partnership were able to support, influence and provide the vehicle to progress business ideas, including support provided through DurhamWorks. It was further asked whether any data was available on the economic benefits of Durham Works and S Parkinson advised that she could provide this data outside of the meeting. She confirmed that the Partnership Board does not have TU representation and assured members that she would raise this with the Board.

At this point the Chair commented that he was concerned that the partnership sets the economic strategy across the county however DCC has its own economic strategy how do they fit together.

S Parkinson responded that it is about ensuring that the separate strategies align.

The Chair then raised several questions relating to targeted outcomes, asking what was being done to address the below average economic performance of the county and suggested that in relation to the Shared Prosperity Fund that more focused work, investment and monitoring needed to be undertaken with funding focused on a small number of larger projects.

In addition, he acknowledged the current skills shortage and asked as to whether the committee could work with the partnership to find out what work is currently taking place to link schools, FE colleges and universities with employers. He further made a point of clarification regarding the way in which the strategy was determined by Cabinet.

S Parkinson responded that the partnership is not an organisation, it is very much a partnership, a group who have an interest in the economy of County Durham, looking at doing things differently to achieve better outcomes. She continued that DCC's economic strategy is different from the County's Economic Strategy and continued that the partnership is driven by outcomes and has collective responsibility. She confirmed that in relation to the SPF, she would not want this funding spread too thinly and that the partnership's advice would be to concentrate funding on few and big rather than many and small.

Councillor Abley asked as to how the work of the partnership is currently translated into business opportunities.

In response, S Parkinson commented that the partnership has no money and no direct control over money/resources and that they can only influence partners. She continued that out of the European Programme, the DurhamWorks Programme (DWP) had been funded. She continued that this programme had existed because of EU funding allocated to the county which was the result of extensive lobbying. The DWP programme has created opportunities for 1000s of young people in the county and she suggested that members look at the Durham Enable website. She continued that the programme had given opportunities to those that need it most, to find education, training and employment.

Cllr Abley commented that he was not familiar with the DWP and could the information on the programme, the benefits to the county in pounds and jobs created be forwarded to him.

S Parkinson agreed to send all the outcome data on the DWP following the meeting.

Councillor Jackson asked as to whether the partnership has any targets and key performance indicators and if so could they be shared following the meeting. In addition, he referred to previous comments regarding transport and more specifically into enterprise parks and queried whether those business parks had ever been approached to consider subsidising transport links to their sites.

The Managing Director, Business Durham responded that the partnership does have key performance indicators and she would be happy to share those with members. She continued that in relation to transport to business parks, this topic had been discussed with business groups previously, noting that suggestions had been made about car sharing and companies working together however questions remained over whether the number to sustain routes would be there and also how this impacted upon net zero targets. She advised that work was ongoing looking at different options and conversations are taking place at NETPark to actively explore solutions.

Councillor Surtees expressed her thanks for the presentation noting her admiration for the Vice-Chairs passion and drive on this this topic. She noted however that the Shared Prosperity Fund was going to be a huge challenge for County Durham going forward, the County would not receive what was originally promised and the figure

had been significantly diluted and is nowhere near the amount of funding the county would have received via EU funding. It would be important to maximise on that limited funding, to do the best for the people of County Durham. In response S Parkinson agreed that the SPF did come with challenges noting that people and skills money could not be accessed until year 3 and of course more funding would be preferable, but ultimately Cabinet would determine its priorities for the allocation of this funding source.

The Chair at this point suggested that the committee write to the relevant Cabinet Portfolio Holders to request that when the UK SPF investment plan proposals are developed that this information is shared with the committee for their views and comments.

### **Resolved:**

- (1) That the content of the report and presentation be noted.
- (2) That the Committee write to the relevant Cabinet Portfolio Holders and request that when the UK SPF investment plan proposals are developed that this information is shared with the members of the committee at a future meeting, for comment.

## **7 Inclusive Economic Strategy - Econ-versation Feedback**

The Committee considered a report and presentation of the Interim Corporate Director of Regeneration, Economy & Growth which provided an overview of the comments received in response to the Big Econ-versation on the Council's new Inclusive Economic Strategy which had been undertaken between the 31 January and 22 April 2022 (for copy of report and slides of presentation see file of Minutes)

The Spatial Policy Manager provided a detailed presentation which provided information on the focus of the strategy and the timeline for its development. In providing a summary of the Big Econ-versation, 1,455 surveys had been completed and over 1,500 people had engaged through the conversations held at the 86 workshops and events across the County during that period.

He outlined the main messages as follows:

- County Durham needs more good quality jobs
- These need to be accessible to local people, through improved transport, especially in rural areas and inclusive skills provision
- More needs to be done to market and promote the county
- Investment in places is needed county-wide, particularly in smaller towns and villages
- Green economy and climate changes is seen by business to be an opportunity for growth, but caution this needs to not increase costs.

Regarding the Resident Survey, he explained that 1 in 3 respondents said they faced barriers to good skills training, jobs and career progression. Approximately one quarter of respondents with a disability worked full-time, compared to over half of non-disabled respondents. Further comments were received in relation to access to education, training and jobs, with the most common responses and reasons related to: poor transport connectivity; lack of well paid, highly skilled, secure jobs and career opportunities; lack of investment, town centre decline linked to reduction of local jobs and lack of investment in education and skills with limited provision.

Further to the comments received residents were asked to rate their priorities for the future. The following came out as the top three, with over 90% of respondents rating them as either important or very important:

- Improving town centres
- Training the workforce
- Supporting and ageing population

The Spatial Policy Manager went on to provide an overview of business responses specifically in relation to improving the productivity of their workforce, with 'availability of a suitably skilled workforce' coming out as the highest-ranking response. Improved transport infrastructure and access to finance were close behind.

Details were then provided regarding responses received from the Young People survey noting that 54% of respondents said they could not or were unsure they could pursue their chosen career or business idea in the county.

Moving on the Spatial Policy Manager explained that as part of the big Econ-versation, conversations were held with a diverse range of groups to ensure that the process was as inclusive as possible, the structure and format of the conversations varied and included attendance at meetings and events, presentations with Q&A, and workshops. A summary of the issues highlighted were included in the presentation but mirrored those already raised.

As a result of the Big Econ-versation the following potential areas of focus had been identified and would be worked on within the budget and funding available:

- Supporting business growth and job creation, particularly in opportunity sectors
- Improving public transport and access to facilities
- Developing a lifelong learning offer for residents
- Improving the health of residents and workers
- Promoting County Durham
- Building on recent investments to regenerate and reimagine town centres
- Transitioning to net zero through a just, flexible, and innovative approach that creates new jobs and safeguards existing ones.

Councillor Surtees expressed her concern over the small number of respondents, given the population of County Durham, noting that the results would not be truly

representative and robust enough to support the emerging strategy. She also suggested that the key priorities and issues identified did not appear to reflect the potential impact and detrimental effect that poverty has on the economy within the county and would have expected this to feature. She continued that she felt that there was not enough representative evidence and data to move forward. In addition, she was concerned that the branding and marketing of the Econ-versation had not promoted or stimulated the levels of engagement from local communities in the process. She therefore suggested that it should be rebranded and resurveyed with better explanations provided and the marketing pitched right.

The Spatial Policy Manager added that in his experience the level of return was not unusual for this type of survey, noting that many of the responses provided were already known to the authority. He further noted that the Poverty Action Plan would sit alongside the strategy and picked up on those issues that Councillor Surtees referred to.

Councillor Sterling commented that she agreed that the response rates were poor and she also felt that this had been a failed marketing campaign. She continued that she was surprised that there was not a bigger response from the older generation. She asked whether the committee could be informed of the total cost of the Econ-versation process and the cost per response and questioned as to whether the Econ-versation should be relaunched.

Councillor Sterling also commented that she was concerned that young people had identified that they would need to go out of the county to attend university, it was felt that a conversation needed to be undertaken with Durham University in relation to their entry requirements. It was also suggested that conversations need to take place within secondary and FE colleges to establish how they promote Durham University and children's aspirations to attend Durham University.

Councillor Abley commented that there is a lot of good information in the report and presentation and highlighted the need to have a mechanism in place to manage delivery of the priorities coming out of the Econ-versation. He continued that there is a need to continue to monitor and assess the effectiveness of those key actions to deliver the desired outcomes.

The Spatial Policy Manager confirmed that there will be a need to monitor delivery of the priorities and the actions in order to deliver the required outcomes.

Cllr McKeon agreed that a discussion needs to be held as to why it is difficult to get into Durham University and then asked as to how we engage with young people in care and also how do we get community ownership of the high street.

In response, the Spatial Policy Manager commented that in terms of community engagement as part of the Econ-versation engagement had taken place with Community Champions and community engagement is included as part of the future consultation process.

Cllr Kellett asked as to how we measure good quality jobs, as it is subjective.

The Spatial Policy Manager responded that the county needs to have a range of jobs and confirmed that it is a general principle and there is no specific definition of what constitutes a high-quality job. He continued that in addition to the information provided by the consultation and the survey, information from the Economic Review will also be used to feed through into actions within the strategy.

Mrs R Morris, Co-optee added that in her opinion she wouldn't want to see another survey undertaken and suggested that further views be sought when the strategy is shared.

Councillor Jackson commented that he would have expected all 126 members to respond and many of those may also have been able to provide business responses so would agree that the consultation had not been that successful. However, he continued by suggesting that the second stage of consultation should focus on the key findings of the Econ-versation.

In response the Spatial Policy Manager confirmed that six workshops were held with members and that they were also encouraged to complete the survey.

Councillor Batey in agreeing that the return rate did raise concerns, suggested that the results gathered should be presented back to the public which may encourage further feedback. She also noted the low number of responses from young people whose views were extremely relevant and she asked whether a geographical breakdown of the respondents could be provided, to establish if any areas were underrepresented. She further asked whether the Economic Review would feed into these findings.

In response the Spatial Policy Manager advised that the IES would sit alongside this and other documents as previously explained. Councillor Batey commented that she felt census data when available would also be valuable to informing the strategy.

The Chair commented that the IES was a living document and members would continue to have the opportunity to feed into the development of the Inclusive Economic Strategy.

**Resolved:**

That the content of the report and presentation be noted and that members comment accordingly.

## **8 Quarter 4 2021/22 Performance Management Report:**

The Committee considered a report of the Corporate Director of Resources which presented an overview of progress towards achieving key outcomes of the council's corporate performance framework and highlight key messages to inform strategic priorities and work programmes (for copy see file of Minutes).

Cllr Jackson asked for clarification as to when enforcement in relation to the Selective Licensing Scheme would commence in circumstances where the landlords were not registered with the scheme. In response the Strategy Team Leader advised that she would need to check the timeline with the team and report back to members, however noted that there would be some exceptions to the scheme.

Mrs R Morris, Co-optee referred to the data presented along with global figures and noted the fall in unemployment levels. She asked for detail as to what type of jobs those recently gaining employment had gone into as she felt this would be useful to understand. Furthermore, she raised a point regarding the claimant count and commented that Bishop Auckland and Easington areas were highlighted within the report however there may be several other areas underperforming. She therefore asked whether there was some form of league table which showed how areas were performing that could be shared with members. She also commented that this information would be useful in giving direction when looking at the SPF allocations.

The Strategy Team Leader agreed to follow up with the relevant service areas/teams to get the information requested by the committee and also to provide the link to Durham Insight which provided good statistical information across all themes and geographical locations.

**Resolved:** that the content of the report be noted.

## **9 Refresh of the Work Programme 2022/23:**

The Committee considered a report of the Corporate Director Resources which provided an updated work programme for 2022/23 (for copy see file of Minutes).

The Scrutiny Officer advised that Appendix 2 of the report outlined the proposed programme noting that it currently offered flexibility to respond to emerging issues with currently five scheduled meetings identified and two joint special meetings with the Environment and Sustainable Communities OSC focusing on integrated transport and the tourism and cultural offer. The report asked the committee to identify a topic for in-depth or light touch review and reference was made to paragraph 17 of the report, informing the committee that discussion had taken place at a meeting of the Overview and Scrutiny Management Board suggesting that the various thematic OSCs may wish to consider undertaking a focused piece of work in

relation to MTFP 13 looking to identify further efficiencies or areas of income generation.

Further to that discussion, Ian Herberson, Finance Manager for Resources and Regeneration was in attendance and provided a brief presentation on the development of the MTFP(13), the current role of scrutiny in its development and the proposed process to developing savings options. He commented that it was at the discretion of the committee to determine as to whether they undertake this focused piece of work and that existing work programme priorities would need to be considered.

The Chair added that this was brought forward as simply a suggestion and wasn't something that the committee had to take on as the work programme of the committee was the key priority. Councillor Earley commented that he didn't suspect there was a huge amount of savings in relation to the Service that could be explored within the remit of this committee.

Councillor Batey added that she did not see this topic as something which sat within the role of this committee and was something very much the role of Cabinet. She further noted that routes already existed for members to feed comments back into Cabinet on MTFP proposals. In addition, the committee has a large work programme to deliver which needs to be the priority. She further asked what the view of the Chair of Overview and Scrutiny was on the topic.

The Chair clarified that the focused piece of work would be additional and that delivering the work programme is the priority of the committee.

Councillor Martin commented that scrutiny's role was key in promoting policy development and whilst the impacts on the MTFP were all down to money, by giving thematic scrutiny committee's the option to feed into the process this provided a further opportunity for wider discussions.

Councillor Batey commented that she was very mindful of the time commitment for an additional piece of work and the resources required, from a members and officer perspective and she felt that there are other key areas which the committee need to be focusing on.

Further discussion took place regarding a resolution of the Overview and Scrutiny Management Board and it was noted that Cabinet had responded positively to the request for attendance at thematic committees where the need arose.

Councillor Batey further asked whether there would be any additional meetings added to the diary noting that if the draft Inclusive Economic Strategy was not available in September this would then need to be considered at another meeting.

The Principal Overview and Scrutiny Officer advised that the report brought to the committee work programme options and flexibility to respond to emerging issues. He furthermore noted the various mechanisms available to the committee in order to discharge their responsibilities outside of the scheduled meetings.

The Chair confirmed that the committee would be focusing on the delivery of the work programme, that was the key priority for the committee and that if during the delivery of the work programme and the consideration of the quarterly budget reports they identified any potential savings then this information would be passed onto the appropriate Service Grouping.

**Resolved:**

- a) That the Economy and Enterprise OSC received and commented on the proposed draft work programme.
- b) That the Economy & Enterprise OSC work programme for 2022/23 and the flexibility it offered to respond to emerging issues is agreed.
- c) That the Economy and Enterprise OSC does not undertake the suggested focused piece of work in relation to MTFP 13 and that the committee considers identifying an area of focused review during the delivery of the 2022/23 work programme.
- d) That any areas of savings, identified during the consideration of the quarterly budget reports are forwarded to the appropriate service grouping for consideration during the MTFP 13 process.

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## Economy and Enterprise

### Overview and Scrutiny Committee

3 October 2022



## County Durham Employment Land and Strategic Sites Update

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

#### Electoral division(s) affected:

Countywide

#### Purpose of the Report

- 1 This report provides members with an overview of the key strategic employment sites in County Durham, progress on delivery of these sites and the availability of commercial and industrial land and premises across the County in addition to their contribution to job creation.
- 2 This report is set in the wider context of factors that contribute to the overall employment base but is focused on the strategic sites within the county and the overall contribution to our employment and economic outlook.

#### Executive Summary

- 3 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.
- 4 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.
- 5 Although economic growth is fundamentally delivered by the private sector, the role of the local authority can be vital in enabling developments and ensuring the right conditions for those developments.

Durham County Council supports developers and businesses to create growth in a number of ways currently including:

- To ensure an up-to-date local plan with a clear land supply to meet the needs and opportunities for the county;
- To ensure a relevant economic strategy which identifies clear opportunities to support jobs and growth such as the development of the Inclusive Economic Strategy;
- To support the transport system and accessibility for new sites for example our enhanced support for subsidised bus services;
- To secure funding for, and in some cases administer, skills and development programmes for example UK Prosperity Programmes;
- Apply for central funding and deliver investment to underpin vital infrastructure delivery and within the context of constrained resources also fund essential infrastructure for example Levelling Up Funding;
- To directly support or deliver key sites and property where there is a clear case for investment for example Aykley Heads and NETPark;
- To work in partnership with major institutions to unlock growth for example the Durham County Council and Durham University MoU;
- To provide access to finance to support business growth such as Finance Durham; and
- To market our place as somewhere to live, work and invest for example through Visit County Durham.

6 Whilst the county is becoming more attractive to investors and developers, and there is evidence of increased levels of private sector speculative developments such as at Jade Business Park, there continues to be a key role for the Council in supporting businesses and development in more difficult market areas and to work with viable investments to maximise growth. This can include investing in site infrastructure and sometimes taking a stake in 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.

- 7 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. Details are set out in Appendix 2.
- 8 The County Durham Plan includes 300 hectares of new land to be developed for business and industry. It has been informed by evidence within the Employment Land Review (ELR) which has identified how much and where land should be allocated, including the strategic sites.
- 9 It is important to highlight the wider ecosystem for jobs and growth for example a significant number of jobs will be accommodated within our identified land and space for employment. There are also a number of wider activities such as construction generated through development including housing where the investment makes a considerable contribution to growth.
- 10 When considering employment, we must also look through the lens of the employment we create, which serves the wider North East as well as the key areas that support Durham's population employment such as major developments in neighbouring areas.
- 11 The wider Inclusive Economic Strategy will address the full economic ecosystem that contributes to employment and growth.

## **Recommendations**

- 12 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment on the information provided in this report.

## Background

- 13 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on 20 September 2021 a report and presentation was provided on the key strategic employment sites in County Durham. This report provides an update on progress and also highlights some of the background to why these sites were identified and how we market and deliver these and other employment sites and premises.

## Strategic Context

- 14 This report seeks to set out the progress of the delivery of some of the major employment sites in the County to support an overview of activity and progress against the objectives. Some of the sites are within the Council's responsibility to develop and support including attracting end users and a number of others are led by the private sector.
- 15 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.
- 16 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.*

- 17 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 300 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 it being lost to other land uses.

- 18 The Plan was developed using a detailed evidence base, the key study being the Employment Land Review (ELR). The ELR provided a review of the county's current position in terms of employment land supply (in both qualitative and quantitative terms) and an understanding of the anticipated growth trajectory of the county's economy and the implications regarding demand for employment land over the Plan period.
- 19 The ELR provided an analysis of the current stock of employment space and historical trends, considered in the context of provision within the North East. It also looked at the commercial property market signals within the county and providing an overview of the commercial markets, including the relative attractiveness of each and the key drivers of demand. This analysis came from Lambton Smith Hampton, a leading commercial property market agent in the North East.
- 20 The analysis found that locations with good access to the A1(M) or the A19 complement and compete with other locations within Tyne and Wear and Teesside. It found that within these locations, bespoke industrial and warehouse units can be viably developed in periods of sustained growth . It also found that in locations that are more distant from the strategic highway network, rents are lower and private sector industrial development often relies on public sector gap funding or incentives such Enterprise Zones. The ELR therefore found that the county contains two principal market areas:
  - A1 Corridor – the key industrial location (including Durham City – the key office market); and
  - A19 Corridor – secondary industrial and office location
- 21 These findings were also backed up by an assessment of employment land take up which showed that the most significant developments over the past 15 years had taken place within the A1(M) and A19 Corridors.
- 22 Provision in these locations is supported by a number of more localised markets that, with some notable exceptions, primarily serve the needs of the towns and villages in their immediate vicinity. These included Bishop Auckland, Consett, Barnard Castle and surrounding settlements.
- 23 In light of this evidence the ELR concluded that the Plan should concentrate employment land allocations within the two principal markets, whilst maintaining a supply of land within the more localised markets. These conclusions then informed the distribution of all employment land allocations in the County Durham Plan.

## **Strategic Employment Sites Update**

- 24 The Council continues to have 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.
- 25 Strategic sites by their size and scale are planned to provide land for the County Durham Plan period up to 2035 and beyond, they can therefore take many years to assemble and be developed out. The following provides a summary of the strategic sites and update on their delivery. Full details of these sites can be found in Appendix 2.
- 26 **Forrest Park** is located adjacent to Junction 59 of the A1(M) south of the existing Aycliffe Business Park which has historically been a key location for inward investment and expansion of existing businesses. Forrest Park provides 55ha of land the potential for further expansion of the wider Aycliffe Business Park. The site has the potential provide up to 3,280 jobs.
- 27 Outline planning permission was granted in 2019 for up to 163,450sqm of employment space with supporting ancillary uses. The site has already delivered a new Euro Garages service station, a Greggs and a KFC. A reserved matters application has now been submitted for the erection of 8 industrial units that will deliver 79,419sqm of Class E(g)(ii)(iii), B2 and B8 floorspace with work to start on site later this year. The site will target businesses in the warehousing, logistics and manufacturing sectors.
- 28 **NETPark (North East Technology Park)** is the region's premier science, engineering and technology park developed by the County Council. NETPark, located near Junction 60 of the A1(M) just north of Sedgefield, is home to over 40 companies, including Kromek, Filtronic, IBEX Innovations and Polyphotonix and over 650 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. As a result there will also be opportunities for businesses to manufacture at scale using the R&D they have undertaken at NETPark.
- 29 The Council has agreed, in principle, to invest in a further phase of NETPark to provide 23,225 sqm of lab, office and production space that could employ a further 1250 people over the next five years, and final

design work for the scheme will be completed shortly, with a view to a start on site in the first half of 2023.

- 30 **Integra61** is a site of significant scale (83 hectares), located adjacent to the A1(M), Junction 61. It is home to Amazon, a 2,000,000 sqft unit (186,00sqm). Phase 2 will see a new business/industrial hub, Evolution@Integra61, being delivered speculatively by Citrus Group to provide up to 23 flexible units in sizes from 112sqm up to 600sqm. As of Summer 2022, work on site has begun on 5 buildings, to be ready for July 2023. The development of the site includes a number ancillary uses with including Costa Coffee and Greggs. There are currently estimated to be 1,000 jobs on site with the potential to create up to 5,000 jobs.
- 31 **Aykley Heads** is located within Durham City in close proximity to the city centre and railway station. It provides an opportunity to develop high quality office space at a successful business location with the potential to create up to 4,000 jobs. Development of the first building on the site at 'Plot C' is nearing completion with a wider vision to attract innovation and knowledge-rich businesses, including those in the fintech and digital sectors.
- 32 **Jade Business Park** is a 19ha site reclaimed from Hawthorn Colliery and Cokeworks, located just off the A19, south of Murton. A first phase of development funded directly by the Council and providing 14,405 sqm of new industrial units is now fully let. This success has provided the developer with the confidence to fund a further phase of 51,115sqm which should be available for March 2024. There are currently 160 jobs on the site and development of the next phase has the potential to generate up to 1000 jobs.

### **Other Employment Locations**

- 33 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.
- 34 There has been further work at Merchant Park at Newton Aycliffe which is now seeing further significant progress with the development of Station Place, in partnership with the Council, providing 5110sqm of new industrial units under a £5M headlease with units managed by Business Durham ready for October 2022. Further development by

Merchant Anglo could see an additional 27,870 sqm of space available in the next twelve months.

- 35 There is also the proposed development of 4180sqm of small industrial units at South Church Enterprise Park, funded by the Council with grant support under the Stronger Towns fund for Bishop Auckland. The units will be available in 2024 as part of a project with the South Durham Enterprise Agency, to support new businesses in the area.

### **Potential for Other Strategic Employment Sites**

- 36 The Employment Land Review (ELR) provides the existing evidence base for the County Durham Plan and made recommendations regarding the location of strategic employment sites and other employment land. Some areas that the ELR considered included north and north west Durham.
- 37 The north of the county includes areas within the A1 Corridor, most notably around junction 63 and Chester-le-Street. Drum Industrial Estate is located just north of Chester-le-Street and has been a popular location for businesses, given its good access onto the A1(M) via Junction 63. The site has developed significantly over the past 20 years and only 4.5ha of land remains undeveloped that will provide future opportunities for investment. Funding is understood to be in place for 6 industrial units on the site which are due to be complete in summer 2023.
- 38 The Council have previously explored the potential to further extend Drum Industrial Estate, given its prominent position within the A1 Corridor and its popularity to the market however it is constrained by Green Belt. Other locations in proximity to Chester-le-Street are also constrained by Green Belt and also flood risk. Whilst a strategic site within this location would no doubt be successful, existing constraints mean this is unlikely.
- 39 North West Durham's industrial and office market is focused primarily in and around the towns of Consett and Stanley. The ELR found that the area largely serves a local occupier need partly as a result of its distance from the strategic road network. The most significant area of land allocated is at Hownsgill Industrial Estate in Consett which has seen recent investment including recent speculative development at Bessemer Court providing 14 units and 3,872 sqm of industrial floorspace.
- 40 Elsewhere, land exists on Greencroft Industrial Park and the industrial estates at Tanfield Lea where there are undeveloped plots rather than a single large site. The Plan's employment land allocations reflect these and the land allocated within this area is above the future land

requirements recommended within the ELR. The recent success of Hownsgill may however justify a need to consider further land allocations through a future review of the County Durham Plan.

- 41 It is acknowledged that the ELR was completed in 2018 and that the picture regarding the supply and demand for employment land will have evolved, reflecting land take up and more recent market conditions. A revised ELR will therefore be required to inform a future review of the County Durham Plan and will guide the identification of any additional strategic employment sites and employment land allocations.

### **Attraction and Barriers to Attracting Investment**

- 42 Land and premises opportunities are key to attracting investment and businesses. Other key themes are people and skills, a cost-effective location, a strong business base and supply chain opportunities in key sectors, transport and connectivity and lifestyle.

- 43 Key sectors we aim to attract include:

- Advanced Manufacturing and Precision Engineering;
- Advanced Material Electronics;
- Space and Sat Apps;
- Life Sciences and Healthcare;
- Electrification; and
- Digital and Fintech.

- 44 The green economy and technology are increasingly important to the development of the County's economy and society but are not sectors in their own right but instead cut cross all sectors. Further details of these sectors future contributions to the County's economy are included in the emerging Inclusive Economic Strategy and will be subject of a future report to Economy and Enterprise Overview and Scrutiny Committee.

### **Availability of Land and Premises to Attract New Businesses**

- 45 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. In

addition to this occupancy rates are now extremely high with few premises available. It is understood that the premises managed by Business Durham are 96% occupied.

- 46 Over the last two years inward investment has increased as economic activity rose on the back of two main trends: the declining impact of covid; and as the Brexit uncertainty was replaced with certainty. Businesses have felt increasingly confident to expand and this led to several enquiries which translated into 26 successful projects, with 69% of these coming last year, generating 742 jobs. Particularly significant projects in terms of scale, value and importance to key sectors were Power Roll, Corehaus and CCN.
- 47 This momentum has continued, and we are now expecting an upsurge in speculative property development on the strategic sites in the county, which will provide a fillip to inward investment activity from the latter part of 2023. Four sites (Drum Business Park, Integra 61, Jade, and Forrest Park) have plans that are in varying stages of development to build circa 2.3m sqft (214,000 sqm) of industrial and warehousing/logistics space which could accommodate up to 3000 jobs. Most of the space will be in a relatively small number of large warehousing/logistics units but there will be units from 20,000 sqft that will be suitable for modern manufacturing. This will create good conditions for inward investment and the expansion of existing businesses based in the County.
- 48 In practical terms no enquiry will make progress without appropriate land and premises and the number of investors wanting a building ready to move into far outstrips those wanting a bespoke unit building with the consequent impact on timescales. It is important therefore to have a stock of suitable buildings available and a good relationship with landlords, developers and agents who know that Business Durham can add value to enquiries they receive. A good example of this approach is the success at Jade Business Park which let all 7 units in a year with occupants receiving support from Business Durham and most accessing financial support from Finance Durham and/or the County Durham Growth Fund grant. Some enquiries came direct to Business Durham and some came to the Developer and Agents but all received support from Business Durham, bringing in other DCC departments to support, for example with access to employment and skills as appropriate.
- 49 The County Durham Plan allocates land which is based on the evidence in the ELR and evidence of historical take up rates. The Plan also includes an element of flexibility and therefore allocates 300 hectares of employment land across the County, above the ELR recommended figure of 190–260 hectares. Allocating further land above and beyond

what the plan allocates provides a risk of non-employment uses such as housing, coming forward on our valuable employment sites.

50 It is considered that there is sufficient land availability in the short and medium term including at the key strategic sites across the county with a pipeline of approximately 2.3m sqft of development currently seeking financing. In the medium term we will need to look at land availability (this will involve new sites and repurposing sites that have old, tired buildings developed in the 1970s and 80s) for the next iteration of the Employment Land Review.

51 Whilst it is acknowledged that the site allocations will provide the main locations for new business and industrial development, other policies within the Plan do however provide further flexibility for employment uses to come forward through the Employment Site Exceptions Policy. Further to this there are other policies within the Plan that would allow employment proposals to come forward on unallocated sites.

### **How do we Promote Land and Premises**

52 Key objectives of Durham County Council's inward investment activity are:

- To promote and drive interest in the key sectors to intermediaries and potential occupiers; and
- To raise the profile of County Durham nationally
- To support applications through processes and provide guidance such as planning
- To support and navigate funding and finance options
- To offer skills and support programmes

53 To ensure a clear and dedicated resource to support inward investment, the County Council takes an activity and proactive approach. The Council delivers a targeted inward Investment function through its Business Durham service which acts as a gateway across a range of council services and wider partners to support investment. In terms of attraction of enquiries, it works with Invest North East and DIT (Department for International Trade) taking a sector based approach and pitches for footloose enquiries that result. Firm enquiries that result, are then dealt with on a bespoke fashion with a plan tailored to the needs and drivers of each enquirer. All enquiries have different needs, but common requirements tend to revolve around land and premises; finance; skills; supply chain; and legal requirements e.g. planning and permits.

- 54 DCC including a number of teams and services attended a major development showcase this year to promote the County and its sites at UKREiiF<sup>1</sup> and has worked with Invest North East in previous years promoting at the MIPIM London (and on one occasion Cannes) events. In 2022 a new property event was introduced as a competitor to MIPIM Cannes. UKREiiF, a 3-day real estate and infrastructure event, took place at the Royal Armouries, Leeds, between 17th-19th May 2022.
- 55 The following objectives were agreed with REG MT in advance of the event;
- To raise the profile of County Durham and showcase the scale of opportunities and ambition; and
  - To grow the number of developers that are aware of the opportunities in the County.
- 56 The event attracted in the region of 4,000 delegates over the course of three days. The Council's stand was well positioned to capture passing footfall and there was a regular flow of visitors throughout the event. The team received in the region of 50 direct enquiries and collected business cards from a number of other delegates who visited the stand but didn't have specific requirements.
- 57 Finance Durham has invested in value adding businesses in its first 5 years with 33 investments made totalling £10.2 million, into 21 companies. Eight were inward investors.

### **How do Businesses Identify Available Land and Premises**

- 58 The Council's Business Durham service runs a property search function (subcontracted) which keeps an up to date picture of land and premises available searchable using the following attributes: freehold and leasehold; office and manufacturing/warehousing; by size; by location. This is used by Business Durham staff to help local and inward investment enquiries and is also available for use by enquirers themselves.
- 59 The County Council's Regeneration Economy and Growth Directorate works proactively with a range of developers and agents across the County to address the shortage of industrial buildings. This can include large scale developments funded by the Council such as Jade Phase 1 (14,400sqm) which having let successfully has provided confidence to the developer to raise private finance for Jade Phase 2 (51,100 sqm) or ensuring gap funding is in place from NELEP at sites such as Drum

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<sup>1</sup> In 2022 a new property event was introduced as a competitor to MIPIM Cannes. UKREiiF, a 3-day real estate and infrastructure event, took place at the Royal Armouries, Leeds, between 17th-19th May 2022

Industrial Estate, Chester-le-Street, (14,500 sqm) where poor ground conditions were preventing a scheme progressing with additional public sector funding. Station Place and South Church Enterprise Park are two smaller schemes which the Council is supporting by taking on a headlease to underwrite private investment or funding a scheme directly that would otherwise not go ahead due to market failure.

- 60 Jade Phase 2 is also a good example of how the Council has successfully worked internally to support a scheme which although on land owned by the Council, has required close working between planning, ecology, transport, CPAL and Economic Development. A multi-disciplinary project board chaired by Business Durham was established meeting every four weeks to map progress against all inter-dependencies ensuring all parties were aware of the economic development objectives. Each internal service was also clearly identified as working with external partners including the private developer, national Highways and the North East LEP.

### **Job Creation in Non-Strategic Locations**

- 61 The majority of the high volume jobs created are achieved across the strategic employment sites set out above. However, additional targeted activity provides additional job creation opportunities across the County. This includes direct support for the growing visitor economy which currently accounts for 10,063 jobs county wide up by 48.1% on 2020 and wide-ranging town centre focussed activity diversifying uses and seeking to replace changes in retailing where 1375 jobs were lost between 2015-2020.

### **Conclusion**

- 62 This report makes Members aware of the strategic employment sites that are being developed in the county and the role of the Council in enabling these developments. This ensures there is a portfolio of employment land available to attract investment and businesses, supporting the creation of more and better jobs in the county. The report highlights their justification through previous work that was done in producing the County Durham Plan, and also how further work in review the Plan may shape how new sites can come forward. It also highlights the work in promoting these are other sites across the County.

### **Background papers:**

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

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## **Appendix 1: Implications**

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### **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.

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
<b>A1 Corridor</b>						
<p><b>Forrest Park</b></p> <p><u>Location:</u> Off Junction 59 of the A1(M) at Aycliffe Business Park</p> <p><u>Website</u> <a href="https://forrestpark.co.uk/">https://forrestpark.co.uk/</a></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 &amp; 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 site entrance.</p> <p>A reserved matters application has now been submitted (summer 2022) for the erection of 8 industrial units that will deliver 79,419sqm of Class E(g)(ii)(iii), B2 and B8 floorspace. Work on site will start late 2022.</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
<b>A1 Corridor (continued)</b>						
<p><b>NETPark Phase 3</b></p> <p><u>Location:</u> Just off the A177 at Sedgefield</p> <p><u>Website</u> <a href="https://www.northeasttechnologypark.com/">https://www.northeasttechnologypark.com/</a></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>250,000 sqft of new laboratory, office, production and storage space proposed to facilitate the growth of existing NETPark tenants and attract new inward investment.</p>	<p>DCC owns the land and the existing buildings at NETPark are managed by Business Durham.</p> <p>DCC Cabinet on 15<sup>th</sup> September 2021 agreed in principle, 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>Funding approved in principle by Cabinet on September 2021 final design work for development of Phase 3 almost complete. Subject to approval of final contract price, construction due to commence in Spring 2023, with completion from Summer 2024 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&amp; 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
<b>A1 Corridor (continued)</b>						
<p><b>Integra 61</b></p> <p><u>Location:</u> Bowburn at Junction 61 off the A1 and opposite Durham Services</p> <p><u>Website:</u> <a href="https://integra61.co.uk/">https://integra61.co.uk/</a></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 50,000ft<sup>2</sup> 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>As of Summer 2022, work on site has begun on 5 buildings, ready for July 2023.</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
<b>A1 Corridor (continued)</b>						
<p><b>Aykley Heads</b></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 now nearing completion.</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
<b>A19 Corridor</b>						
<p><b>Jade Business Park</b></p> <p><u>Location:</u> Murton next to Dalton Park retail outlet off the A19</p> <p><u>Website:</u> <a href="http://www.jadepark.co.uk/">http://www.jadepark.co.uk/</a></p>	<p>19 hectare site reclaimed from Hawthorn colliery and cokeworks.</p> <p><u>Phase 1:</u> 7 new industrial units, totalling 155,000 sq.ft</p> <p>Tenants benefit from Enterprise Zone (EZ) status (5 years business rates discount)</p> <p><u>Phase 2:</u> Capacity to deliver a further 550,000 sq ft of industrial space</p>	<p>DCC owns the freehold and funded the speculative development of Phase 1.</p> <p>Units built by Highbridge Developments, which has an option agreement on the land; supported by Regional agent HTA and National agent CBRE.</p>	<p>As one of the Enterprise Zone (EZ) sites in the region, NELEP funded £11m infrastructure works.</p> <p>DCC funded the £14m development of the Phase 1 units, which are managed by Business Durham.</p> <p>Phase 2 developed directly by Highbridge Developments with 10% gap funding from DCC and NELEP</p>	<p>Phase 1 units completed August 2020 and now fully let.</p> <p>Outline planning permission for Phase 2 to be considered October 2022.</p> <p>Buildings to be available from March 2024.</p>	<p>Aimed at businesses in the advanced manufacturing, technology and distribution sectors.</p> <p><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></p>	<p>Target 1,000 jobs</p> <p><u>To date:</u> 160 jobs</p>



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# County Durham Employment Land and Strategic Sites Update

Economy & Enterprise Overview and  
Scrutiny - 3 October 2022

Amy Harhoff, Corporate Director of  
Regeneration, Economy and Growth



# The presentation sets out...

- Strategic Context to Job creation
- Overview of land and property availability
- Focus on strategic sites in County Durham
- Wider support for important locations
- Conditions for employment and focus sectors
- Actions last 12 months
- Actions next 12 months
- Summary

# Strategic Context Job Creation and Growth



# Context for employment

- Economy: £9 billion per annum (2020)
- GVA per job: £46,000 compared to England average of £59,000 (2020)
- Workers: 246,400 (Mar 2022) ...approximately 68,000 (28%) net-out commuters
- Unemployment: 4.4% compared to England average of 4.3%
- Jobs in the County: 168,000 (2020)
- Businesses: 14,565 (2021)
- Highly Skilled Workers: 104,700 (Dec 2021)
- 33% compared to England average of 43%
- Highly skilled jobs: 95,000 ...41% compared to England average of 52% (Mar 2022)
- Annual pay: £22,500 compared to England average of £26,200 (2021)
- Higher % of jobs in manufacturing & public services ...smaller % of jobs in business services

# Strategic Job Creation

**The County Durham Vision for 2035 is that County Durham is a place where there are more and better jobs....**

- *Includes objective to create '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'*

## **County Durham Plan - Adopted in 2020**

- Land allocations informed by the Employment Land Review (ELR)
- Identifies over 300 hectares of new land to be developed for business and industry

## **Inclusive Economic Strategy**

- Developing in partnership with our communities sets out a strategic and wide ranging suite of priorities to underpin growth and focused on delivering outcomes for people, places, productivity, promotion and our planet.
- Whilst the plan is much wider than jobs, Jobs and economic growth are fundamental to prosperity.

# How is employment supported

The market delivers jobs and the County Council alongside central government support the conditions for growth. In County Durham there are a number of activities to enable and facilitate employment and overall inclusive growth:

- To ensure an up-to-date local plan with a clear land supply to meet the needs and opportunities for the county
- To ensure a relevant economic strategy which identifies clear opportunities to support jobs and growth such as the development of the Inclusive Economic Strategy
- To support the transport system and accessibility for new sites for example our enhanced support for subsidised bus services
- To secure funding for and in some cases administer skills and development programmes for example UK Prosperity Programmes
- To work in partnership with major institutions to unlock growth for example the Durham County Council and Durham University MoU

# How is employment supported (cont..)

- Apply for central funding and deliver investment to underpin vital infrastructure delivery and within the context of constrained resources also fund essential infrastructure for example Levelling Up Funding
- To directly support or deliver key sites and property where there is a clear case for investment for example Aykley Heads and NETPark
- To provide access to finance to support business growth such as Finance Durham
- To market our place as somewhere to live, work and invest for example through Visit County Durham

We must also be clear in the case of employment, there are different needs to support job creation in the area and access to employment for our residents outside of the area. An area with a high propensity to travel demonstrates an area often of a high skills base and income, an economy with both creation and good access to a wider area will have the greatest success.

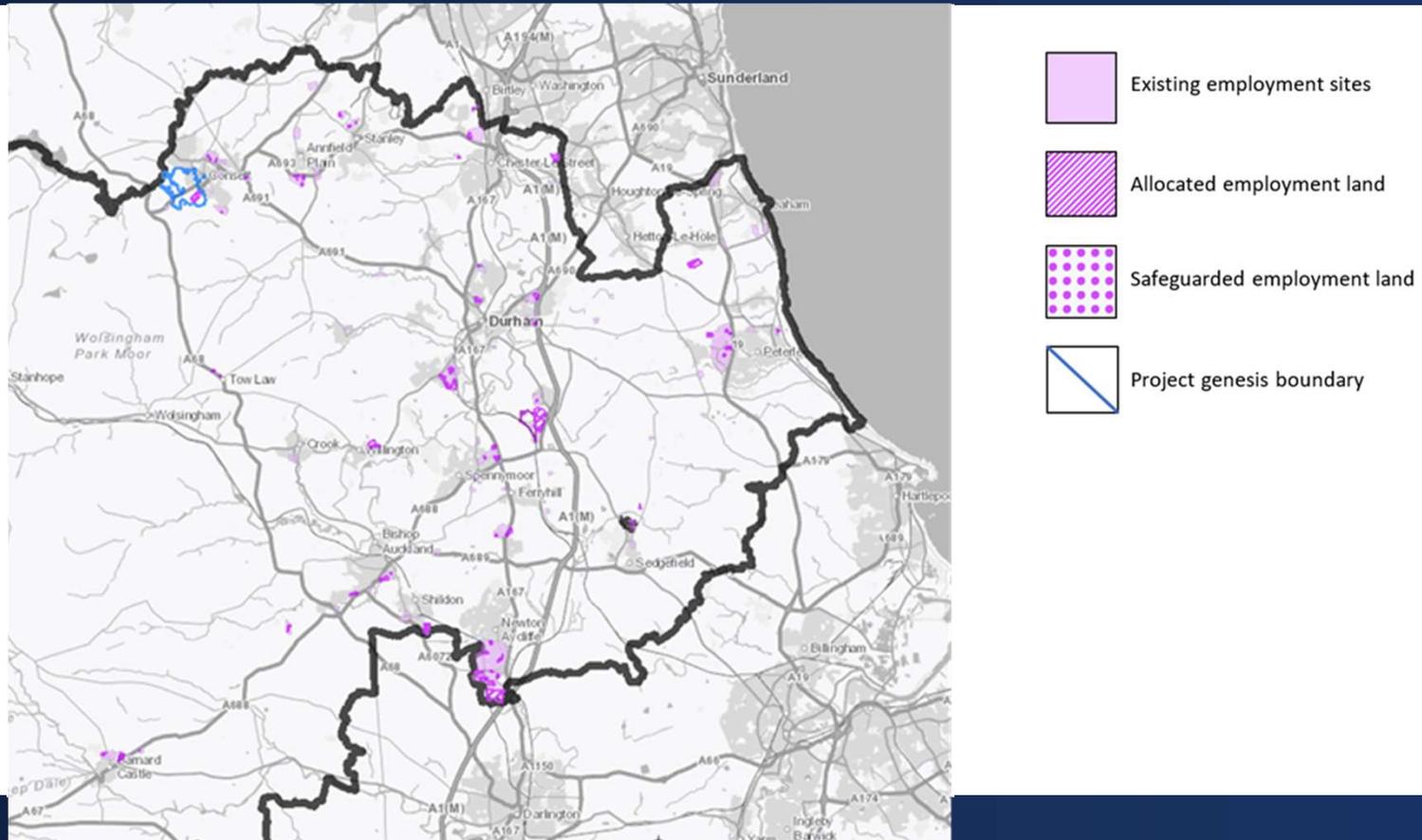
# Land and Property Availability



# Location of Land and Sites

- Evidence in Employment Land Review (ELR) found that the County contains two principal market areas:
  - A1 Corridor – the key industrial location (including Durham City – the key office market)
  - A19 Corridor – secondary industrial and office location
- ELR recommended land allocations be concentrated within these areas
- Also important to maintain a supply within the more localised markets such as Bishop Auckland, Consett, Barnard Castle and surrounding settlements
- Whilst the county is becoming more attractive to investors with increased levels of private sector speculative developments
- However, continues to be a key role for the Council in supporting businesses and development in more difficult market areas

# Distribution of Employment Land



# Strategic and Other Employment Sites



# Strategic Employment Sites



# Forrest Park, Aycliffe

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

Businesses located nearby: Hitachi Rail, Gestamp, 3M, Husqvarna

## Location benefits

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



# NETPark, Sedgefield

- DCC ownership, 26 hectares for expansion
- 40 occupiers
- More than 600 employees
- Phase 3 planned: 25,000sqm, 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
- 1000 jobs created, 5,000 potential jobs overall

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, North East Chamber of Commerce, NHS Property Services, Swinburne Maddison, 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
- 7 units totalling 15,000 sqm built in 2020 – fully let
- Developer to fund Phase 2, further 51,000sqm
- 160 jobs on site, next phase has the potential to generate 1000 jobs

Current occupiers: Corehaus, Sumitomo Electric Wiring Systems, Power Roll, ARGLA, Sphera, RG Distributors

Location benefits:

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



# Strategic Sites – Summary of activity

Site	Owner/Developer	Activity in last 12 months	Future Activity
Forrest Park	DCC & Forrest Family/Barberry	<ul style="list-style-type: none"> <li>Full Planning Application made for 8 units totalling 72k sqm on 43 acres of the 116 acre (net developable) site</li> </ul>	<ul style="list-style-type: none"> <li>Secure funding and start on site.</li> </ul>
NETPark	DCC	<ul style="list-style-type: none"> <li>Phases 1 &amp; 2 remain 100% occupied, with over 650 jobs onsite.</li> <li>Funding agreed in principle by DCC for build out of Phase 3.</li> <li>Construction Framework partners appointed and RIBA Stage 4 design work completed.</li> <li>Ongoing discussions with potential tenants for Phase 3.</li> </ul>	<ul style="list-style-type: none"> <li>Build out of Phase 3 to begin early Spring 2023 with Programme Completion from Summer 2024.</li> </ul>
Integra 61	Citrus	<ul style="list-style-type: none"> <li>5 units under construction totalling 59,408 sqm with the smallest 3,995 and largest 27,639; £75m investment.</li> <li>Greggs and Costa drive through opened to service Amazon Fulfilment Centre and locality</li> </ul>	<ul style="list-style-type: none"> <li>Development due for Programme Completion in Summer 2023.</li> </ul>
Aykley Heads	DCC	<ul style="list-style-type: none"> <li>Strategic Outline Business Case developed</li> <li>Market propositions developed to support soft market testing</li> <li>Construction of Plot C building</li> </ul>	<ul style="list-style-type: none"> <li>Soft market testing to help determine preferred delivery route, followed by structured market engagement</li> </ul>
Jade	DCC/Highbridge	<ul style="list-style-type: none"> <li>Remaining unit on Phase 1 let, all 7 units at 14,405 sqm now fully occupied; currently 160 jobs with growth expected.</li> <li>Outline Planning Permission for Phase 2 submitted, with decision expected October 2022 for development of 7 units totalling 51,115 sqm.</li> </ul>	<ul style="list-style-type: none"> <li>Start on site June 2023 with Programme Completion for Q2 2024.</li> </ul>

# Other Employment Locations

- Council involved in the development of other sites in the County including:
  - Station Place at Merchant Park that will provide 10 new industrial units (totalling 5,000 sqm) managed by Business Durham & available from October 2022
  - Development of 4,180sqm of small industrial units at South Church Enterprise Park, completion 2024

# Potential for Other Land and Sites

- The north of the county includes the successful Drum Business Park, but future expansion on a strategic scale is constrained by Green Belt
- The north west of the county recent investment at Hownsgill in Consett may provide justification for further land allocations in the north west
- ELR prepared in 2018 will be updated as part of preparation of new local plan and would:
  - Provide an up to date picture of supply and demand for employment land,
  - Reflect recent land take up and development on the ground
  - Reflect current market conditions
  - Guide the identification of any additional strategic employment sites and employment land allocations

# Enabling Inward Investment



# Attractors and Barriers to Investment

Key issues in attracting investment:

- Land and premises opportunities
- People and skills
- Cost effective location
- Strong business base
- Supply chain opportunities in key sectors
- Transport and connectivity
- Lifestyle

# Key Sectors We Aim to Attract

- Advanced Manufacturing and Precision Engineering
- Advanced Material Electronics
- Space and Satellite Applications
- Life Sciences and Healthcare
- Electrification
- Digital and Fintech

The green economy and technology are increasingly important to the development of the County's economy and society but are not sectors in their own right but instead cut across all sectors

# How do we Promote Land and Premises?

- Key objectives of DCC's inward investment activity are:
  - To promote and drive interest in the key sectors to intermediaries and potential occupiers; and
  - To raise the profile of County Durham nationally
  - To support applications through processes and provide guidance such as planning
  - To support and navigate funding and finance options
  - To offer skills and support programmes
- Attendance at events including UKRieff / MIPIM
- Finance Durham investment totalling £12m

# Summary



# Summary

- County Durham Plan identifies a portfolio of employment land in those areas most likely to attract investment and businesses
- Our strategic sites continue to deliver new jobs
- Teams across the Council work together to overcome barriers to delivery
- Council works proactively with a range of developers and agents across the County to address the shortage of industrial buildings and to stimulate market investment
- Council plays a key role in delivering new premises where markets are weaker
- Council takes a proactive approach and has a dedicated resource to attract and co-ordinate support for inward investment

**Economy and Enterprise Overview and  
Scrutiny Committee**

**3 October 2022**

**Regeneration, Economy and Growth –  
Quarter 4: Revenue and Capital Outturn  
2021/22**



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**Report of Corporate Directors**

**Paul Darby, Corporate Director of Resources**

**Amy Harhoff, Corporate Director of Regeneration, Economy and  
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 2021/22, highlighting major variances in comparison with the budget.

**Executive Summary**

2. In 2021/22 the service achieved a cash limit variance (underspend) of £1.854 million against a revised budget of £53.591 million. This compares to the previously forecast position (at quarter 3) of a £1.687 million underspend for the year.
3. The REG Cash Limit balance carried forward at 31 March 2022 is £2.867 million. Other earmarked reserves under the direct control of REG total £53.072 million at 31 March 2022.
4. In arriving at the REG Cash Limit variance, Covid-19 related expenditure and loss of income, net of Covid-19 related savings, of £5.431 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 2021/22 was £77.812 million, representing 89.5% of the revised REG capital budget of £86.975

million. A request was made to the Member Officer Working Group to carry forward the £9.163 million underspend to the current year to augment the 2022/23 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 2021/22 revenue and capital budgets.

## Background

8. County Council approved the Revenue and Capital budgets for 2021/22 at its meeting on 24 February 2021. 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 - £53.591 million (original £49.630 million)
  - (b) Capital Programme – £86.975 million (original £95.720 million).

## Revenue

9. The original revenue budget of £49.630 million has been revised to incorporate a number of budget adjustments and the final revised budget for the service is £53.591 million.
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 actual 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 **£1.854 million** against the revised budget of **£53.591 million** (3.46%).
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

	Revised Annual Budget	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	1,343	8,835	7,492	(6,045)	86	(1,533)	0
Development & Housing	6,483	14,490	8,007	(7,856)	(85)	(806)	(740)
Corporate Property & Land	(1,383)	1,134	2,517	(3,522)	1,165	(369)	(209)
Culture Sport & Tourism	15,032	25,248	10,216	(8,011)	110	(2,577)	(262)
Transport & Contract	3,072	9,858	6,786	(6,969)	292	(139)	(30)
Communications Mgt	2,202	2,091	(111)	(22)	(73)	0	(206)
REG - Central Costs	26,842	8,521	(18,321)	17,910	11	(7)	(407)
<b>Total</b>	<b>53,591</b>	<b>70,177</b>	<b>16,586</b>	<b>(14,515)</b>	<b>1,506</b>	<b>(5,431)</b>	<b>(1,854)</b>

13. The cash limit underspend of £1.854 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 an underspend of £0.262 million against budget. The main reasons are underspends in Service Development (£0.200 million) and Locality Services (£0.608 million), primarily relating to vacant posts offset by an unrealised MTFP saving of £0.201 million and funding of £0.300 million set aside for known costs to be incurred in 2022/23 for Collections storage and City of Culture. There is a net cost of £0.806 million in this area to be covered via COVID general grant.
  - Business Durham is in line with budget after the use of £1.533 million of COVID general grant funding to support the payment of business recovery grants.
  - Transport and Contracted Services is an underspend of £30,000 against budget. Additional enforcement income across the county (£0.597 million) and savings due to staff vacancies across the service are offset by additional bus contract costs (£0.277 million), a loss of departure charges due to the closure of Durham Bus Station (£0.181 million) and the cost of additional repairs to bus stations. In addition, funding has been set aside to cover the known costs of bus station security, car park maintenance and Care Connect equipment in the first part of 2022/23 (£0.270 million). There is a net cost of £0.806 million in this area to be covered via COVID general grant.

- (d) Development and Housing is an underspend against budget of £0.740 million. This is the net effect of an underspend of £0.812 million in Planning Development as a result of higher than budgeted levels of planning fee and building control income, and an underspend of in Physical Development due to savings arising from vacant posts. These underspends are offset by overspends of £91,000 in Economic Development, £77,000 in Strategy and Project Development and £64,000 in Spatial Policy. There is a forecast net cost of £0.806 million in this area to be covered via COVID general grant.
  - (e) Corporate Property and Land is an underspend against budget of £0.209 million against budget. This is due to an underspend of £0.173 million across Facilities Management budgets and an underspend of £37,000 in Strategic Property Management. There is a forecast net cost of £0.369 million in this area to be covered via COVID general grant.
  - (f) Communications Management is an underspend against budget of £0.206 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.
  - (g) Central Costs is an underspend by £0.407 million against budget due to lower than expected year end charges.
- 15 The outturn position has been adjusted by £1.506 million relating to contributions to and from reserves and £5.431 million net COVID adjustment.
- 16 The Cash Limit Reserve carried forward for Regeneration, Economy and Growth is £2.867 million after taking the 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 2020/21. This increased the 2021/22 original budget to a level of £95.720 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 **£86.975 million**.

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

<b>Service</b>	<b>Revised Annual Budget 2021/22 £000</b>	<b>Actual Spend to 31 March £000</b>	<b>Remaining Budget 2021/22 £000</b>
Culture, Sport and Tourism	11,085	9,122	1,963
Development & Housing	33,637	34,002	(365)
Business Durham	5,813	6,467	(654)
Corporate Property & Land	26,509	20,234	6,275
Transport & Contracted Services	9,931	7,987	1,946
<b>Total</b>	<b>86,975</b>	<b>77,812</b>	<b>9,163</b>

21. Actual spend for 2021/22 amounts to **£77.812 million**. **Appendix 3** provides a more detailed breakdown of spend.
22. The key areas of spend during the year to date are on Office Accommodation (£16.243 million), Housing Renewal (£13.878 million) and Town Centres (£11.319 million).

### **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 2021/22 – Period to 30 June 2021.
- c) Cabinet Report (17 November 2021) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 30 September 2021.
- d) Cabinet Report (16 March 2022) – Forecast of Revenue and Capital Outturn 2021/22 – Period to 31 December 2021.
- e) Cabinet Report (13 July 2022) – 2021/22 Final Outturn for the General Fund and Collection Fund.

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**Contact:**

**Ian Herberson – Finance Manager Tel: 03000 261 861**

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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 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 Council's 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, Economy and Growth Outturn 2021/22 – Subjective Analysis**


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<b>REG Subjective analysis</b>	<b>Revised Annual Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Items Outside Cash Limit</b>	<b>Earmarked Reserves</b>	<b>Net COVID adjustment</b>	<b>Cash Limit Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Employees	63,498	60,681	(2,817)	(114)	(162)	328	(2,765)
Premises	16,044	18,378	2,334	(910)	421	0	1,845
Transport	1,612	1,756	144	5	(10)	37	176
Supplies & Services	22,108	29,982	7,874	(173)	940	(991)	7,650
Third Party Payments	41,282	45,781	4,499	321	(64)	174	4,930
Transfer Payments	0	0	0	0	0	0	0
Capital	14,763	32,481	17,718	(17,718)	0	0	0
Central Support and Other	12,575	12,204	(371)	1,173	(995)	0	(193)
DRF	280	686	406	0	(273)	0	133
Grant	(11,108)	(15,641)	(4,533)	0	997	55	(3,481)
Contributions	(17,704)	(19,596)	(1,892)	0	(21)	0	(1,913)
Sales	(2,431)	(1,174)	1,257	0	0	(1,214)	43
Charges	(26,878)	(26,602)	276	0	318	(3,716)	(3,122)
Rents	(8,623)	(10,194)	(1,571)	0	426	(4)	(1,149)
Recharges	(51,278)	(58,073)	(6,795)	2,901	(16)	(100)	(4,010)
Other Income	(549)	(493)	56	0	(55)	0	1
<b>Total</b>	<b>53,591</b>	<b>70,177</b>	<b>16,586</b>	<b>(14,515)</b>	<b>1,506</b>	<b>(5,431)</b>	<b>(1,854)</b>

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

	<b>Revised Annual Budget £000</b>	<b>Profiled Budget £000</b>	<b>Actual Spend to 31 March £000</b>	<b>Remaining Budget £000</b>
<b>General Fund</b>				
<b>Development &amp; Housing</b>				
North Dock, Seaham	231	231	281	(50)
Town Centres	8,689	8,689	11,319	(2,630)
Town & Village Centre	1,540	1,540	1,505	35
Minor Schemes	180	180	180	0
Disabled Facilities Grant /FAP	6,422	6,422	6,496	(74)
Housing Renewal	14,755	14,755	13,878	877
Housing Development	913	913	243	670
Chapter Homes	0	0	100	(100)
Beamish Capital Project	777	777	0	777
Strategy & Programmes Minor Schemes	130	130	0	130
	<b>33,637</b>	<b>33,637</b>	<b>34,002</b>	<b>(365)</b>
<b>Business Durham</b>				
Industrial Estates	5,813	5,813	6,467	(654)
	<b>5,813</b>	<b>5,813</b>	<b>6,467</b>	<b>(654)</b>
<b>Corporate Property and Land</b>				
Structural Capitalised Maintenance	5,165	5,165	3,420	1,745
Milburngate	3,863	3,863	571	3,292
Office Accommodation	17,482	17,482	16,243	1,239
	<b>26,510</b>	<b>26,510</b>	<b>20,234</b>	<b>6,276</b>
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	3,745	3,745	2,755	990
Transport Major Schemes	5,372	5,372	4,518	854
T&CS Minor Schemes	813	813	715	98
	<b>9,930</b>	<b>9,930</b>	<b>7,988</b>	<b>1,942</b>
<b>Culture, Sport and Tourism</b>				
AAP Schemes	0	0	31	(31)
Culture and Museums	8,095	8,095	7,223	872
Leisure Centres	2,917	2,917	1,795	1,122
Library	0	0	0	0
Outdoor Sports and Leisure Facilities	73	73	72	1
	<b>11,085</b>	<b>11,085</b>	<b>9,121</b>	<b>1,964</b>
<b>REG Total</b>	<b>86,975</b>	<b>86,975</b>	<b>77,812</b>	<b>9,163</b>

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# Economy and Enterprise Overview and Scrutiny Committee

3 October 2022



## Regeneration and Economic Growth – Quarter 1: Forecast of Revenue and Capital Outturn 2022/23

### Report of Corporate Directors

**Paul Darby, Corporate Director of Resources**

**Amy Harhoff, Corporate Director of Regeneration, Economy and 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 2022.

#### Executive summary

- 2 This report provides an overview of the forecast of outturn, based on the position at quarter 1, 2022/23. 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 £0.808 million, against a revised budget of £56.906 million.
- 4 The service is forecast to require funding of £5.512 million to support budgets under pressure due to hyper-inflation on utilities and the effect of the 2022/23 pay award.
- 5 The service is forecast to require funding of £1.476 million from central contingencies to support budget shortfalls as a result of post covid pressures. This includes £1.180 million in respect of Leisure Centre Income and £0.296 million in respect of Catering income as a result of hybrid working.

- 6 The revised service capital budget is £122.381 million with expenditure to 30 June of £15.227 million.
- 7 Details of the reasons for under and overspending against relevant budget heads are disclosed in the report.

**Recommendation(s)**

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

## Background

9 County Council approved the Revenue and Capital budgets for 2022/23 at its meeting on 23 February 2022. 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 - £56.906 million (original £54.934 million)
- (b) Capital Programme – £122.381 million (original £129.318 million)

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

<b>Description</b>	<b>Change</b>
Pay Award 21/22 and NI Changes	£0.652 m
Co. Archives – from Resources	£0.258 m
Corporate Health & Safety - from Resources to CPAL	£0.795 m
Business Support posts - from Resources to CPAL	£0.135 m
Business Support posts - from Resources to D&H	£0.040 m
HQ Dual Running Costs	£0.092 m
<b>Total change</b>	<b>£1.972 m</b>

11 The summary financial statements contained in the report cover the financial year 2022/23 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 2022/23

- 12 The service is reporting a cash limit overspend of **£0.808 million** against a revised budget of **£56.906 million** (1.42%).
- 13 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 Inflation Adjustment	Cash Limit Variance
Head of Service	£000	£000	£000	£000	£000	£000	£000
Business Durham	(1,175)	(377)	798		(798)		0
Development and Housing	10,100	10,765	665		(69)	(217)	379
Corporate Property & Land	83	557	474	(296)	(78)	(180)	(80)
Culture Sport & Tourism	15,270	16,895	1,625	(1,180)	654	(906)	193
Transport & Contracted Servs	3,897	4,604	707		1,134	(876)	965
Communications Mgt	1,897	1,842	(55)		(49)	(30)	(134)
REG - Central Costs	26,834	29,622	2,788			(3,303)	(515)
<b>Total</b>	<b>56,906</b>	<b>63,908</b>	<b>7,002</b>	<b>(1,476)</b>	<b>794</b>	<b>(5,512)</b>	<b>808</b>

- 14 The cash limit overspend of £0.808 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

- 15 The main reasons accounting for the outturn position are as follows:
- 16 Transport and Contract Services is forecast to overspend by £0.965 million against budget. In Strategic Traffic there is an overspend on Parking Services (£83,000), Traffic Signals (£70,000) and traffic control measures for events (£75,000). In Care Connect there is a shortfall of £0.372 million in relation to an unfunded regrading of staff (£0.300

million) and reduced SLAs and subsidised client income (£0.100 million) offset by minor underspends across the service. In Integrated Passenger Transport there is a reduction of £0.160 million in departure charges arising from the new Durham Bus Station capital scheme and increased costs of local bus services of £0.129 million.

- 17 Corporate Property and Land is forecast to underspend by £80,000 against budget. Within Buildings & Facilities Management, there is a forecast overspend of £12,000, mainly due to the impact on customer behaviour of the current cost of living crisis). There are also several small overspends expected in relation to enhanced cleaning requirements as a result of Covid-19 (£26,000 in total). Strategy and Property Management is forecast to underspend by £52,000 due primarily to additional unbudgeted commercial properties income, largely offset by an overspend on consultant fees. There are also minor underspends elsewhere within the service, including additional unbudgeted income of £11,000 in Health and Safety.
- 18 Development and Housing is forecast to overspend by £0.379 million against budget. This is largely due to anticipated additional expenditure of £0.940 million in Housing Solutions with regard to temporary accommodation. This continues to be an issue as a legacy of the government initiative to protect and vaccinate all rough sleepers during the pandemic which required additional accommodation (in the form of B&B's and holiday lets). These are still required as these clients remain due to being the most difficult to house (including victims of domestic abuse fleeing homes as a result of lockdown measures). The position is partially offset by additional net income of £0.559 million within Planning Development (planning & building control fees less anticipated additional appeals costs). Forecast overspends relating to Physical Development (£27,000) and Strategy and Project Development (£36,000) are offset by anticipated underspends in Spatial Policy (£51,000) and elsewhere across the service.
- 19 Any over or underspend in relation to the activity of Business Durham is managed through an earmarked reserve and therefore there is no impact on the cash limit position. A contribution to reserves in 2022/23 is anticipated based largely upon current occupancy rates across a range of Business Space sites.
- 20 Culture, Sport and Tourism is forecast to overspend by £0.193 million against budget. The main reasons are a reduction in fine and reservation income in libraries (£83,000) and an unrealised MTFP saving of £0.190 million pending the full year effect of the current service restructure.

- 21 Communications Management is forecast to underspend by £0.134 million against budget. This is due to significant underspends on employee-related costs, partially offset by minor overspends relating to professional fees and advertising.
- 22 Central costs are forecast to underspend by £0.515 million against budget pending a re-allocation of budget to services.
- 23 In summary, the service grouping is not managing to maintain spending within its cash limit and as a result needs to draw £0.808 million from the Regeneration Cash Limit Reserve.

### Capital Programme

- 24 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.
- 25 The Regeneration, Economy and Growth Services capital programme was revised at year-end for budget re-phased from 2021/22. 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 £122.381 million.
- 26 Summary financial performance for 2022/23 is shown below.

Service	Revised Annual Budget 2022/23 £000	Actual Spend to 30 June £000	Remaining Budget 2022/23 £000
Development And Housing	39,439	6,484	32,955
Business Durham	11,478	1,222	10,256
Corporate Property & Land	8,944	1,944	7,000
Transport & Contracted Services	35,550	1,897	33,653
Culture Sport and Tourism	26,970	3,680	23,290
<b>Total</b>	<b>122,381</b>	<b>15,227</b>	<b>107,154</b>

- 27 Officers continue to carefully monitor capital expenditure on a monthly basis. Actual spend for the first 3 months amounts to **£15.227 million**. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the capital programme.

28 The areas of spend during the year to date are on Culture and Museums (£2.831 million) and Housing Renewal (£2.655 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 (14 September 2022) – Forecast of Revenue and Capital Outturn 2022/23 – Period to 30 June 2022.

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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 2022 in relation to the 2022/23 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	Hyper Inflation Adjustment	Cash Limit Variance
	£000	£000	£000	£000	£000	£000	£000
Employees	70,382	69,442	(960)	0	(71)	(1,199)	(2,230)
Premises	19,219	23,200	3,301	0	0	(3,713)	268
Transport	1,676	1,749	73	0	0	0	73
Supplies & Services	19,149	23,410	4,261	0	(12)	0	4,249
Third Party Payments	49,284	52,041	2,757	0	345	(600)	2,502
Transfer Payments	0	0	0	0	0	0	0
Capital	15,217	15,217	0	0	0	0	0
Central Costs	11,736	12,330	594	0	0	0	594
DRF	280	280	0	0	0	0	0
<b>Gross Expenditure</b>	<b>186,943</b>	<b>197,649</b>	<b>10,706</b>	<b>0</b>	<b>262</b>	<b>(5,512)</b>	<b>5,456</b>
Grant	(8,275)	(10,720)	(2,445)	0	250	0	(2,195)
Contributions	(18,147)	(18,580)	(433)	0	(17)	0	(450)
Sales	(2,566)	(1,811)	755	(296)	0	0	459
Charges	(28,209)	(29,123)	(914)	(1,180)	391	0	(1,703)
Rents	(9,350)	(11,444)	(2,094)	0	0	0	(2,094)
Recharges	(62,603)	(61,358)	1,245	0	(92)	0	1,153
Other Income	(887)	(705)	182	0	0	0	182
<b>Gross Income</b>	<b>(130,037)</b>	<b>(133,741)</b>	<b>(3,704)</b>	<b>(1,476)</b>	<b>532</b>	<b>0</b>	<b>(4,648)</b>
<b>Total</b>	<b>56,906</b>	<b>63,908</b>	<b>7,002</b>	<b>(1,476)</b>	<b>794</b>	<b>(5,512)</b>	<b>808</b>

## Appendix 3: Regeneration, Economy and Growth Capital 2022/23

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 June £000	Remaining Budget £000
<b>General Fund</b>				
<b>Development &amp; Housing</b>				
North Dock, Seaham	25	0	0	25
Town Centres	13,279	3,512	1,857	11,422
Town & Village Centre	3,154	157	49	3,105
Minor Schemes	180	45	0	180
Disabled Facilities Grant /FAP	7,264	1,686	1,455	5,809
Housing Renewal	12,282	4,590	2,655	9,627
Housing Development	1,492	428	368	1,124
Chapter Homes	260	100	100	160
Beamish Capital Project	1,220	0	0	1,220
Strategy & Programmes Minor Schemes	284	0	0	284
	<b>39,439</b>	<b>10,518</b>	<b>6,484</b>	<b>32,955</b>
<b>Business Durham</b>				
Industrial Estates	11,478	2,296	1,222	10,256
	<b>11,478</b>	<b>2,296</b>	<b>1,222</b>	<b>10,256</b>
<b>Corporate Property and Land</b>				
Structural Capitalised Maintenance	6,117	203	477	5,640
Milburngate	58	58	58	0
Office Accommodation	2,768	1,151	1,409	1,359
	<b>8,944</b>	<b>1,412</b>	<b>1,944</b>	<b>7,000</b>
<b>Transport &amp; Contracted Services</b>				
Local Transport Plan	2,813	731	240	2,573
Transport Major Schemes	32,412	2,109	1,537	30,875
T&CS Minor Schemes	325	78	120	205
	<b>35,550</b>	<b>2,918</b>	<b>1,897</b>	<b>33,653</b>
<b>Culture, Sport and Tourism</b>				
AAP Schemes	13	4	0	13
Culture and Museums	14,605	3,050	2,831	11,774
Leisure Centres	12,294	811	849	11,445
Library	0	0	0	0
Outdoor Sports and Leisure Facilities	58	0	0	58
	<b>26,970</b>	<b>3,865</b>	<b>3,680</b>	<b>23,290</b>
<b>Regeneration &amp; Economic Growth</b>	<b>122,381</b>	<b>21,009</b>	<b>15,227</b>	<b>107,154</b>

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**Economy and Enterprise  
Overview and Scrutiny Committee**

**3 October 2022**

**Quarter One, 2022/23  
Performance Management Report**



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**Report of Paul Darby, Corporate Director of Resources**

**Electoral division(s) affected:**

Countywide.

**Purpose of the Report**

- 1 To present an overview of progress towards achieving the key outcomes of the council's corporate performance framework and highlight key messages to inform strategic priorities and work programmes.
- 2 The report covers performance in and to the end of quarter one 2022/23, April to June 2022.

**Executive Summary**

- 3 A new [Council Plan](#) for 2022-2026 was approved by Council on 22 June. This sets out a new performance framework for the Council. Corporate Management Team has agreed to the development of a new quarterly performance report format which provides greater focus on these issues. This is the first report for the new reporting period to follow this format.
- 4 The performance report is structured around the two main components.
  - (a) State of the County indicators to highlight areas of strategic importance and reflected in both the [County Durham Vision 2035](#) and the [Council Plan](#).
  - (b) Performance of council services and progress against major initiatives as set out in the [Council Plan](#).
- 5 Performance is reported against the five thematic areas within the Council Plan 2022-2026: our economy, our environment, our people, our communities, and our council.
- 6 Performance is reported on an exception basis with key messages under each thematic Council Plan area being broken down into national, regional

and local picture, things that are going well, areas which require attention and other areas to note.

- 7 We are now transitioning into a post-pandemic world, but the impacts of COVID-19 can still be seen in our performance reporting. The last two financial years are not representative for many areas of performance and will be an unfair comparison due to pandemic impacts.
- 8 We have therefore, wherever possible, tried to make the comparison of current performance against pre-pandemic data. Whilst COVID-19 continues to impact on certain performance metrics, there is evidence of some areas returning to pre-pandemic levels.
- 9 The council is responding to the Ukrainian Refugee Crisis through a multi-agency group to ensure a holistic package of support and latest data shows 384 refugees had been accommodated in the county.
- 10 However, the largest challenge for our residents, local businesses and the council is the current cost of living crisis. Inflation is currently running at 10.1%<sup>1</sup> with the Bank of England forecasting it to peak at 13.3% at the end of March 2023. Ofgem are expected to increase the energy cap again in October and further again in January 2023. The inflationary increase is largely driven by the rise in the cost of fuel and energy bills, which is being impacted significantly by the war in Ukraine.
- 11 The cost of living crisis has a triple impact on the council.
  - (a) It impacts on our residents. High inflation is outstripping wage and benefit increases resulting in a fall in income in real terms. This has been further exacerbated by the tax increases implemented in April. This will result in increased demand for services to help support people facing financial hardship or who are in crisis.
  - (b) Increased costs for the council. Our premises and transport costs have increased because of the rise in energy costs and fuel prices, and, also the cost of other supplies and services where prices have increased as suppliers face similar issues themselves. It is also anticipated that employee costs will increase by more than in previous years when the settlement is negotiated to accommodate inflation.
  - (c) Reduced income for the council. Users of council services may seek to save money resulting in a fall in income from discretionary services such as leisure centres and theatres.

## **Recommendation**

- 12 That Economy and Enterprise Overview and Scrutiny Committee notes the overall position and direction of travel in relation to quarter one performance, the continuing impact of COVID-19 and the increased cost of

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<sup>1</sup> UK Consumer Price Index for 12 months to July 2022

living on the council's performance, and the actions being taken to address areas of underperformance including the significant economic and well-being challenges because of the pandemic.

## **Analysis of the Performance Report**

### **Going well**

#### **Our economy**

- 13 The number of people claiming unemployment benefits have been reducing since May 2021 and is currently 3.4% of the working age population (June 2022), which is lower than the pre-pandemic position (4%). 30 to 34 years is the most frequent age group for claimants. The official (labour force survey) unemployment rate at 4.4% is statistically similar to the rate for previous quarter and the regional and national rates. The county has been experiencing falling unemployment since December 2020.
- 14 Gross Value Added (GVA) per filled job was £46,245 in 2020 (latest data), up 0.5% from 2019. GVA is 78% of the national value and the gap is widening.
- 15 Business Durham's property rental portfolio has an occupancy rate of 97%.
- 16 Inward investment, businesses intensively assisted, and businesses engaged with Business Durham all exceeded target. The County Durham Growth Fund awarded £660,000 to five SMEs and Finance Durham awarded almost £1.3 million to a further five companies.
- 17 A healthy labour market has resulted in fewer people registering on employability programmes but more participants progressing into employment.
- 18 There are signs our tourism and cultural sector is recovering from the pandemic. In 2022, visitors increased by 38% and money generated by the visitor economy increased by 61%.

#### **Our communities**

- 19 536 affordable housing units were completed in 2021/22, compared to 478 the previous year. In addition, during quarter one, 433 net new homes were delivered, and 55 empty properties were brought back into use following local authority intervention, more than the target of 50.
- 20 The latest data shows that 384 of the 560 people who had established contact with residents through the 'Homes for Ukraine' scheme had arrived in the county.
- 21 All councils are now expected to take asylum seekers under a new system of 'full dispersal'. A multi-agency group is ensuring we have the infrastructure for community cohesion and integration.

## Areas which require attention

### Our economy

- 22 We remain concerned about the impact of the cost of living crisis on our residents, especially those in low income households and/or in rural areas. The council is still consulting on its revised [Poverty Action Strategy and Plan](#), which sets out a comprehensive response to the impacts of the wide-ranging poverty issues within the county.
- 23 More households are requesting assistance with fuel debt issues. During quarter one, we helped 189 households achieve an average saving of £177 (via the Managing Money Better initiative).

### Other areas of note

#### Our economy

- 24 As runner-up to the UK City of Culture 2025 title, the county was awarded £125,000. In October, we will provide details of how elements of our bid will be progressed.
- 25 To help fund the engineering works at The Story at Mount Oswald project, we have received £70,000 of additional European Regional Development Fund funding and have submitted a bid for a further £200,000.
- 26 Following the Big Econ-versation events, survey responses and workshops held earlier this year, a draft Inclusive Economic Strategy has been prepared and will be shared with partners, stakeholders and community representatives in September. Once consultation is complete, the strategy will go to Cabinet in November 2022.

#### Our communities

- 27 The council's selective licensing scheme, which aims to improve management standards of privately rented properties and reduce anti-social behaviour, is now live. During the first operational quarter, 2,208 properties were fully licenced, approximately 8% of properties covered by the scheme.

## Performance Indicators – Summary

- 28 We are now transitioning into a post-pandemic world, but the impacts of COVID-19 can still be seen in our performance reporting. The last two financial years are not representative for many areas of performance and will be an unfair comparison due to pandemic impacts.
- 29 We have therefore, wherever possible, tried to make the comparison of current performance against pre-pandemic data.

## Risk Management

- 30 Effective risk management is a vital component of the council's agenda. The council's risk management process sits alongside our change programme and is incorporated into all significant change and improvement projects. The latest report can be found [here](#).

## Background papers

- County Durham Vision (County Council, 23 October 2019)  
<https://democracy.durham.gov.uk/documents/s115064/Draft%20Durham%20Vision%20v10.0.pdf>

## Other useful documents

- Council Plan 2022 to 2026 (current plan)  
<https://democracy.durham.gov.uk/mgAi.aspx?ID=56529>
- Quarter Four, 2021/22 Performance Management Report  
<https://democracy.durham.gov.uk/documents/s157533/Year%20End%20performance%20report%202021-22.pdf>
- Quarter Three, 2021/22 Performance Management Report  
<https://democracy.durham.gov.uk/documents/s152742/Performance%20Report%202021-22%20003.pdf>
- Quarter Two, 2021/22 Performance Management Report  
<https://democracy.durham.gov.uk/documents/s149087/Q2%20Performance%20Report%202021-22%20-%20Cabinet.pdf>
- Quarter One, 2021/22 Performance Management Report  
<https://democracy.durham.gov.uk/documents/s144872/Q1%20Performance%20Report%202021-22.pdf>

## Author

Andy Palmer

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable.

### **Finance**

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

### **Consultation**

Not applicable.

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

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

### **Climate Change**

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

### **Human Rights**

Not applicable.

### **Crime and Disorder**

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

### **Staffing**

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

### **Accommodation**

Not applicable.

### **Risk**

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

### **Procurement**

Not applicable.



# Durham County Council Performance Management Report Quarter One, 2022/23



## 1.0 Our Economy: National, Regional & Local Picture

### Employment levels

- 1 Latest data (March 2022) shows no significant change to the employment rate at 70.1%. This is comparable with the rate for the North East region but statistically well below the national rate of 75.4%.
- 2 The employment rate in County Durham for those with a disability is 46.7%, much lower than the rate for those without a disability (78.9%). For those with no disability the employment rate in County Durham is lower than the national average of 81.3%, however, the employment rate for disabled residents in the county is 10.2 percentage points lower than in England (56.9).
- 3 The unemployment rate at 4.4% is statistically similar to the rate for previous quarter and the regional and national rates. The county has been experiencing falling unemployment since December 2020.
- 4 More people have become 'economically inactive' – mainly becoming students or looking after family / home. This suggests people are moving out of the labour market rather than into employment.
- 5 Significantly more people claimed employment benefits between March and May 2020. The number remained relatively static throughout 2020 and 2021 before dropping notably in May 2021. The number has continued to fall and is now 3.4% (June 2022), lower than the 4% recorded pre-pandemic.
- 6 The highest proportion of claimants are aged 30-34 years, and the 40-44 years cohort shows the biggest change since March 2020 (by 0.2pp).

### Labour productivity

- 7 In 2020, our GVA per filled job was £46,245. This is 95.4% of the North East value and 78.4% of the national value. Longer-term growth has been slower than both regionally and nationally, so the GVA gap has widened.

### Employment land

- 8 Since 2015/16, 79 hectares of employment land have been delivered. The latest year is less than the previous year but 2020/21 included significant developments at Integra 61 and Jade Business Park. 2021/22 reflects several smaller proposals, mainly general industry or storage and distribution floorspace, at various locations across the county.

## **Tourism Economy**

- 9 16 million people visited the county in 2021. Around 8 million people to the Vale of Durham, 3 million to Durham City, 2 million to the Durham Coast and 2.5 million to the Durham Dales.
- 10 £827 million was added to the local economy with a day visitor contributing on average £31 and each staying visitor £276.
- 11 More than 70% of visitors were satisfied with the quality of attractions, eating establishments, variety of things to do and cleanliness of the area. However, the availability of public toilets, visitor information points and public transport were flagged as areas for improvement.

### **1.1 Council Activity: Going Well**

#### **Occupancy**

- 12 97% of Business Durham floor space is occupied. Remedial works are required at Sacriston but there is a waiting list of 16 companies. The Dales Centre achieved 100% occupancy and is seeing increased visitor numbers. £1.2 million of income was generated, £200,000 higher than the same quarter last year.

#### **Investments**

- 13 During quarter one, there were two inward investments, five SMEs were awarded a combined grant of £660,000 through the County Durham Growth Fund, and a further five companies received a combined investment of almost £1.3 million through the Finance Durham Fund.
- 14 In addition, more than £1.6 million was secured for companies.

#### **Businesses Assisted**

- 15 During quarter one, Business Durham engaged with 263 and intensively assisted 107. This is lower than the same period last year when businesses were taking up pandemic support through Business Durham's various programmes.

#### **Jobs Created/Safeguarded**

- 16 During quarter one, 603 jobs were created and 309 safeguarded. This is significantly lower than the same quarter last year when 2,576 jobs were safeguarded through the Durham Business Recovery Grant (in addition to 73 jobs created and 119 safeguarded through Business Durham's other activities).

## **Employability programmes**

- 17 891 people registered onto our programmes and 537 progressed into employment (60%). This was more than both the previous year (321 of 712, 45%) and pre-pandemic.
- 18 Although registrations onto the LINKCD programme increased, the healthy labour market means people are gaining employment before being registered onto our programmes. Some people are also unwilling to engage with other services and many clients have been mandated to restart the programme which has led to a reduction in referrals.
- 19 43 participants moved into education or training during 2021/22. Although higher than last year (34) and pre-pandemic levels, it is below the target of 132 because many clients have limited digital skills which prevents them from completing online courses. We expect figures will increase as more training is delivered face-to-face.

## **Theatres (Gala / Empire)**

- 20 Ticket sales remain lower than normal due to working slightly reduced programmes during the COVID recovery period. However, both venues have sold out shows and we expect sales to reach pre-pandemic levels by the end of the financial year.

## **Visitors to our libraries and museums**

- 21 There were 50,182 visitors to council owned museums (Killhope and Town Halls) during quarter one, including:
- 1,270 to Durham Town Hall despite the offer being reduced from six days to one (excludes private functions and special events).
  - 4,843 to Killhope Lead Mining Museum. The café and gift shop remains popular, and a busy summer programme expected to bring increased footfall.
  - 34,023 to Bishop Auckland Town Hall, including 18,800 to the new exhibition space. The café remains popular, and weddings and funerals have returned.
- 22 Visits to libraries to attend events such as toddler time, reading groups, get creative and discover digital, continues to increase. During quarter one, visits were up 300% compared to last year and 2,622 tickets to 106 events sold.

## **1.2 Council Activity: Areas which require attention**

### **Library members**

- 23 Memberships further reduced during quarter one and are 6% lower than the same period last year. However, library opening hours returned to normal in June and we

are working with our communications and marketing team to remind customers of our library offer.

## **1.3 Council Activity: Other Areas to Note**

### **UK City of Culture 2025**

- 24 As a runner up, the county was awarded £125,000 which will contribute to a revised programme based on the 15 original ideas and include Place Labs in our 12 main settlements, and a creative education and skills programme led by Durham University. We will provide further details in October.
- 25 Capital projects in the original bid are being progressed. These include re-opening the former Durham Light Infantry Museum and Art Gallery and improvements to the riverbank in Durham City (Levelling Up Fund bid).

### **History Centre**

- 26 £70,000 of funding for mechanical and electrical works has been received, and we have submitted a bid for a further £200,000.

### **Inclusive Economic Strategy**

- 27 More than 86 Big Econ-versation events (31 January to 22 April 2022) were held and attended by over 1,500 people. Almost 1,500 surveys were completed by residents, business and young people. Feedback was tested through a series of workshops held in July.
- 28 Bringing together everything we have learnt from the comprehensive engagement, the evidence base, best practice both in Durham and elsewhere, a draft Inclusive Economic Strategy (IES) has been prepared and during September will be shared with partners and stakeholders, including community representatives. Once complete, the strategy will go to Cabinet for sign-off in November.

### **Wave 9 How's Business Survey (9-16 May, based on 58 responses)**

- 29 Although 9% of respondents said their income had increased, more than a third reported a drop of more than 50%.
- 30 The average response to the short-term impact of the pandemic was 5 out of 10 (with 10 being severe) and this dropped to 4.1 out of 10 for the long-term impact.
- 31 Bookings between May and July were below average as are forward bookings for September. The most popular booking period is within two months.

- 32 The main challenges reported were cost of living increases (72%), fuel prices (66%) and lack of demand (40%). Recruitment and the supply chain continued to be a concern to respondents, as well as COVID variants.

## **2.0 Our People: National, Regional & Local Picture**

### **Homes for older people**

- 33 245 units, mainly bungalows plus some low-level access flats, were delivered in 2021/22 by a range of private developers and registered providers.

## **2.1 Council Activity: Going Well**

### **Housing Solutions**

- 34 1,092 households were helped to stay in their home during quarter one. Of these, 889 involved early advice / intervention work to remove the threat of homelessness.
- 35 Seven households were prevented from homelessness during quarter one, compared to 86 in the same period last year. The reduction is due to the reasons for presentations which was domestic abuse, loss of assured shorthold tenancies (landlord selling the property) and family/friends no longer able to accommodate. Cases allocated for prevention work have also reduced due to resource issues.
- 36 190 households were helped to stay in their home through adaptations via a Disabled Facilities Grant and a further six via the Financial Assistance Policy (owner occupiers and loans).

## **2.2 Council Activity: Areas which require attention**

### **Housing Solutions Contact**

- 37 Although many teams are experiencing a fall in presentations, most notably homeless presentations and the Welfare Reform Team, others such as the Rough Sleeper Team and Ukrainian Support Team have seen an increase in demand.

### **Households helped to move to alternative accommodation**

- 38 Fewer households moving into alternative accommodation corresponds to a reduction in homelessness preventions. Most cases now move straight into relief upon assessment. Of the 149 households helped during quarter one, 41% moved to supported housing, 31% secured tenancies with a registered provider and 25% moved to a private sector property. Of the 50 households where there was an

acceptance of the main homeless duty, there were two main reasons for presenting - domestic abuse and the loss of assured shorthold tenancies, e.g., landlord selling the property.

- 39 Resource issues meant that relief cases were prioritised over those threatened with homelessness.

## **2.3 Council Activity: Other Areas to Note**

### **Rough Sleepers**

- 40 Funding obtained through a regional initiative will provide two outreach workers, 'Somewhere Safe To Stay' provision, Jigsaw Complex Needs Project and an adult social worker.
- 41 However, budgets for the rough sleeper accommodation programme have been halved by the government so the council only received £150,000. Therefore, we only received five properties via North Star in the south of the county.

## **3.0 Our Communities: National, Regional & Local Picture**

### **Housing Delivery**

- 42 Of the 536 affordable housing units completed in 2021/22, 505 were through Homes England grants and 31 units through Section 106 agreements.

## **3.1 Council Activity: Going Well**

### **Housing of Ukrainian Refugees**

- 43 As at 2 August, 384 of the 560 people who had established contact with our residents through the national 'Homes for Ukraine' scheme had arrived in the county.
- 44 157 of the 236 sponsors have had guests arrive. Although, we have received a further 1,950 expressions of interest in housing Ukrainian families, no links have yet been made.

### **Empty Properties**

- 45 During quarter one, 1,076 properties were improved, adapted or brought back into use. This is lower than previous quarters due to fewer properties benefitting from an energy efficiency measure or improved due to a regeneration measure.

- 46 Of the 55 empty properties brought back into use due to local authority intervention, six involved County Durham Lettings Agency interventions and 49 other means, including advice and assistance and financial support via empty homes loans.

### **Businesses supported and jobs created through town and village regeneration schemes**

- 47 During quarter one, nine businesses were supported, and 12 FTEs created. Four businesses were supported by Targeted Business Improvement funding, three by Towns & Villages Programme and two by the Property Refuse Scheme.
- 48 Over the same period, we also engaged with 61 new retail businesses.

## **3.2 Council Activity: Areas which require attention**

### **Housing Infrastructure Fund (HIF) Newton Aycliffe Housing Growth programme**

- 49 Financial completion of the programme has been delayed by four months to September 2024 to consider the nutrient neutrality<sup>2</sup> legislation and determine if onsite mitigation measures are required.
- 50 Work on the Masterplan and planning application for Low Copelaw Infrastructure project has also been delayed, to consider and determine possible onsite mitigation measures of nutrient neutrality issues.
- 51 The Masterplan for the junction at Rushyford, Central Avenue and Ricknall Lane has been delayed until October 2022 as delivery requires planning permission and discussions with Homes England.
- 52 Congreve Terrace development and the disposal of Cobblers Hall and Woodham sites are on hold due to the nutrient neutrality legislation.

### **County Durham Rental Standard**

- 53 The Rental Standard, a free hybrid accreditation scheme for landlords, has been delayed to August 2022 to obtain further clarification around communications, legal and data sharing.

### **Durham City Heritage Infrastructure**

- 54 The defect repairs to the Market Place, Silver Street and Saddler Street have been delayed until the submission of the in-year Levelling Up Fund. The earliest start will be quarter four 2022/23 and into financial year 2023/24.

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<sup>2</sup> Developments achieve nutrient neutrality when the nutrient load created through additional wastewater (including surface water) from the development is mitigated.

### 3.3 Council Activity: Other Areas to Note

#### Selective Licensing

- 55 2,208 private sector properties are now fully licenced, equating to an estimated 8% of all properties covered by the scheme. A further 2,545 applications are in the system, which equates to a further 9% of properties.

## Key to Symbols

Performance against target		Performance against comparable groups		Direction of Travel	
	meeting or exceeding target		same or better than comparable group		higher than comparable period
	within 2% of target		worse than comparable group (within 2%)		static against comparable period
	more than 2% behind target		worse than comparable group (greater than 2%)		lower than comparable period

*NB: oldest data in left column*

### Types of indicators

There are two types of performance indicators throughout the report:

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

### National Benchmarking

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

### North East Benchmarking

The North East figure is the average performance from the authorities within the North East region - County Durham, Darlington, Gateshead, Hartlepool, Middlesbrough, Newcastle upon Tyne, North Tyneside, Northumberland, Redcar and Cleveland, Stockton-on-Tees, South Tyneside, Sunderland.

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

## Our Economy

Description	Latest data	Period covered	Period target	12 months earlier	Performance compared to:				Direction of Travel - last four reporting periods				updated this quarter
					Pre-COVID	National	North East	Nearest neighbour					
Increase employment land approved and delivered by 300 hectares (Ha) by 2035 (against 2016 baseline)	5.51Ha	2021/22	15.8Ha ▲	36.69Ha ▲	17.29Ha ▲	-	-	-	↓	↑	↑	↑	Yes
Narrow the gap between the number of private sector business per 10,000 head of population within County Durham and England and aim to bring them in line with the national average by 2035	273	2021	Tracker	264 ★	264 ★	425 ▲	271 ★	-	↑	↓	→	↑	No
Narrow the gap between the number of private sector employments per 10,000 head of population within County Durham and England and aim to bring them in line with the national average by 2035	2,651	2020	Tracker	2,779 ▲	2,651 ●	3,946 ▲	3,114 ▲	-	↓	↑	↓	↑	No
Increase the level of GVA per filled job in line with national levels by 2035	£46,245	2020	Tracker	£46,036 ★	£46,245 ●	£58,995 ▲	£48,486 ▲	-	↑	↑	↑	↑	Yes
Increase the employment rate for 16-64-year-olds in line with national levels by 2035	70.1%	2021/22	Tracker	72.3% ▲	71.3% ●	75.4% ▲	70.0% ●	-	↓	↓	↓	↓	Yes
Increase the proportion of residents with higher level skills in line with national levels by 2035	32.4%	2021	Tracker	31.6% ★	31.6% ★	43.1% ▲	34.4% ●	-	→	↓	↑	→	No
Increase the % of 16-17-year-olds in an apprenticeship	8.5%	as at Jun 2022	Tracker	5.5% ★	6.8% ★	4.7% ★	7.6% ●	-	↑	↓	↓	n/a	Yes
Increase the overall disability employment rate / close the gap	46.7	2021/22	Tracker	49.7% ▲	47.5% ●	56.9% ▲	47.1 ●	-	↓	↓	↓	↓	Yes

Description	Latest data	Period covered	Period target	12 months earlier	Performance compared to:				Direction of Travel - last four reporting periods				updated this quarter
					Pre-COVID	National	North East	Nearest neighbour					
Attract 11.96 million visitors to the county in 2021 (5% increase on 2020)	15.77m	2021	11.96m ★	11.39m ★	11.39m ★	-	-	-	↓	↓	↓	↑	Yes
Increase the proportion of visitor attractions which are served by public transport (against 2021 baseline)	new PI	new PI	new PI	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
Reduce the number of heritage assets 'at risk' that are categorised as 'Priority A' and/or in 'very bad condition' (against 2021 baseline)	7	2021	Tracker	8 ★	8 ★	-	-	-	→	→	→	↑	No
Number of Council owned/managed heritage assets classed as 'at risk'	3	2021	Tracker	2 ▲	2 ▲	-	-	-	→	→	→	↓	Yes
% of Business Durham floor space that is occupied	97%	Apr-Jun 2022	85% ★	87.2% ★	86.4% ★	-	-	-	↑	↑	↑	↓	Yes
Gross jobs created / safeguarded as a result of Business Durham activity	912	Apr-Jun 2022	375 ★	2,768 ▲	1,001 ▲	-	-	-	↓	↓	↑	↓	Yes
No. of inward investments secured	2	Apr-Jun 2022	1 ★	2 ★	4 ▲	-	-	-	↑	↓	↑	↓	Yes
Amount of investments secured for companies	£1.61m	Apr-Jun 2022	£1.25m ★	£4.21m ▲	-	-	-	-	↓	↑	↑	↓	Yes
No. of businesses supported by Business Durham (engagements)	263	Apr-Jun 2022	250 ★	474 ▲	204 ★	-	-	-	↓	↓	↑	↓	Yes
No. of new businesses supported by CED Team	61	Apr-Jun 2022	30 ★	57 ●	41 ★	-	-	-	↑	↑	↑	↓	Yes
No. jobs supported by the visitor economy	10,063	2021	8,153 ★	6,794 ★	6,794 ★	-	-	-	↓	↓	↓	↑	Yes
Amount (£ million) generated by the visitor economy	£826.6m	2021	£608.40m ★	£506.75m ★	£506.75m ★	-	-	-	↓	↓	↓	↑	Yes

Description	Latest data	Period covered	Period target	12 months earlier	Performance compared to:				Direction of Travel - last four reporting periods				updated this quarter
					Pre-COVID	National	North East	Nearest neighbour					
No of tourism businesses actively engaged with Visit County Durham	236	2021	Tracker	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
FTE jobs created through regeneration schemes	12	Apr-Jun 2022	12 ★	-	-	-	-	-	n/a	n/a	n/a	n/a	Yes
No. of people attending cultural events/programme events	185,312	2021	Tracker	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
Average number of tickets sold per cinema and theatre screenings/performances held during the quarter	69	Apr-Jun 2022	TBC	15 ★	74 ▲	-	-	-	▲	▲	▼	▲	Yes
No. of people attending Council owned museums (Killhope & town halls)	50,182	Apr-Jun 2022	Tracker	-	-	-	-	-	new PI	new PI	new PI	new PI	Yes
No. of library members	215,398	Apr-Jun 2022	Tracker	229,793 ▲	233,904 ▲	-	-	-	▼	▼	▼	▼	Yes
No. of registrations to employability programmes	259	Apr-Jun 2022	Tracker	236 ★	256 ●	-	-	-	▲	▼	▲	▲	Yes
No. of participants on employability programmes progressed into employment / education or training	155	Apr-Jun 2022	Tracker	104 ★	92 ★	-	-	-	▲	▼	▲	▲	Yes
No. of households receiving energy advice from Managing Money Better (MMB) Initiative	189	Apr-Jun 2022	Tracker	211 ★	209 ▲	-	-	-	▼	▲	▲	▲	Yes

## Our People

Description	Latest data	Period covered	Period target	12 months earlier	Performance compared to:				Direction of Travel - last four reporting periods				updated this quarter
					Pre-COVID	National	North East	Nearest neighbour					
Deliver at least 600 homes suitable for older persons by 2035	245	2021/22	43 ★	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	Yes
Increase the number of homes approved which meet accessible and adaptable standards (Building Regulations requirement M4(2)) by 5,613 by 2035	available in Q2	2021/22	400	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
No. of Chapter Homes houses built which are for Older Persons	new PI	new PI	6	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
No. of Chapter Homes houses built which meet M4(2) standard	new PI	new PI	6	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
No. of Council houses built which are for Older Persons	new PI	new PI	TBC	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
No. of Council houses built which meet M4(2) standard	new PI	new PI	TBC	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
No. of households accessing the Housing Solutions Service	3,441	Apr-Jun 2022	Tracker	3,082 ★	3,361 ★	-	-	-	▲	▼	▲	▼	Yes
No. of households helped to stay in their home	1,092	Apr-Jun 2022	Tracker	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	Yes
No. of households helped to move to alternative accommodation	218	Apr-Jun 2022	Tracker	236 ▲	243 ▲	-	-	-	▼	▼	▼	▼	Yes

## Our Communities

Description	Latest data	Period covered	Period target	12 months earlier	Performance compared to:				Direction of Travel - last four reporting periods				updated this quarter
					Pre-COVID	National	North East	Nearest neighbour					
Bring 200 empty homes back into use per year as a result of local authority intervention	55	Apr-Jun 2022	50 ★	24 ★	48 ★	-	-	-	↑	↑	↑	↑	Yes
Increase occupancy rate of all town centres to above national levels by 2035	42%	2021/22	Tracker	50% ▲	58% ▲	-	-	-	↑	↓	→	↓	No
Increase the % of households (within a 5 mile or 15 mile radius) which can access key service locations using public transport (against 2021 baseline)	new PI	new PI	new PI	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
Increase the % of County Durham residents who can access employment sites by public transport (against 2021 baseline)	new PI	new PI	new PI	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
Maintain levels of satisfaction with bus operators at a minimum of 92%	92%	2019	92% ★	91% ★	92% ●	-	-	-					No
Maintain a downward trend in the amount of Highways Maintenance Backlog	£171.2m	2020	Tracker	£172.6m ★	£171.2m ●	-	-	-					No
Aim to increase levels of public satisfaction with highways maintenance above the national average.	44%	2021	Tracker	51% ▲	50% ▲	42% ★	42% ★	-	↑	↓	↓	↓	No
Increase net delivery of new housing by 19,620 units by 2035	433	Apr-Jun 2022	327 ★	471 ▲	431 ●	-	-	-	↓	↑	↓	↑	Yes
Increase net delivery of affordable homes to contribute to meeting identified need of 12,540 by 2035	536	2021/22	836 ▲	478 ★	628 ▲	-	-	-	↑	↑	↓	↑	Yes

Description	Latest data	Period covered	Period target	12 months earlier	Performance compared to:				Direction of Travel - last four reporting periods				updated this quarter
					Pre-COVID	National	North East	Nearest neighbour					
Achieve 100% licensing of private rented sector properties covered by the Selective Licensing Scheme by 2027	8%	Apr-Jun 2022	Tracker	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	Yes
Reduce ASB rates within the Selective Licensing Scheme areas by 10% (against the 2021 baseline)	data from Q2	new PI	new PI	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	No
% of A roads where maintenance is recommended	3.1%	2020	Tracker	3.0% 	3.0% 	4.0% 	3.0% 	-					No
% of B roads where maintenance is recommended	3.0%	2020	Tracker	3.3% 	3.3% 	6.0% 	4.0% 	-					No
% of C roads where maintenance is recommended	2.6%	2020	Tracker	2.3% 	2.3% 	6.0% 	4.0% 	-					No
% of unclassified roads where maintenance is recommended	22.5%	2020	Tracker	21.3 	21.3% 	17.0 	17.0 	-					No
Bridge Stock Condition – Principal Roads	82.0	2020	Tracker	81.1 	81.1 	-	-	-					No
% of recorded Category 1 highway defects repaired within 24 hours	97%	Apr-Jun 2022	90% 	95% 	98% 	-	-	-					Yes
No. of fully licensed private rented sector properties in the selective licensed areas	2,208	Apr-Jun 2022	Tracker	new PI	new PI	-	-	-	new PI	new PI	new PI	new PI	Yes
No. of business supported through regeneration projects	9	Apr-Jun 2022	8 	-	-	-	-	-	n/a	n/a	n/a	n/a	Yes
Public satisfaction with ease of access (%)	77	2021	Tracker	78 	-	75 	-	-					No
No. of Council houses built	0	Apr-Jun 2022	TBC	-	-	-	-	-					Yes
No. of Chapter Homes properties sold	3	Apr-Jun 2022	Tracker	14 	-	-	-	-					Yes



Better for everyone

**Meeting:** County Durham Economic Partnership+ Board meeting:  
UK Shared Prosperity Fund – County Durham Investment Plan

**Date & Time:** Friday 24<sup>th</sup> June 2022 at 10.30am

**Venue:** Durham Business School & Zoom

	Name	Organisation
<b>Present:</b>	Sue Parkinson	Vice Chair, CDEP
	Cllr. Elizabeth Scott	Portfolio Holder for Economy & Partnerships, Durham County Council
	Jenny Taylor	Head of Economic Development, Durham University
	Paul Howell MP	Member of Parliament
	Sarah Slaven	Managing Director, Business Durham
	Claire Williams	Funding and Programmes Manager, Durham County Council
	Lindsay Bell	Impact Project Support Coordinator, Durham University
<b>Attended Via Zoom:</b>	Andy Broadbent	Principal, New College Durham
	Michell Cooper	County Durham Community Foundation
	Prof Jon Gluyas	Durham University
	Grahame Morris MP	Member of Parliament
	Mary Foy MP	Member of Parliament
	Elaine Armstrong	Strategic Manager, DWP
	Rob Carr	Environment Agency
	Cllr. David Bell	County Durham Association of Local Councils
	Jim Cokill	Chair of Environment & Climate Change Partnership
	Andy Bailey	Partnership Team, DCC
	Nicole Roe (minutes)	Partnership Team, DCC
	Michael Shannon	Public Health Strategic Manager, DCC
	Richard Holden MP	Member of Parliament
<b>Apologies:</b>	Glyn Llewellyn	Chair
	Alison Gittins	Durham Business Group

	Geoff Paul (Amy Harhoff)	Durham County Council
	Joanna Laverick	Durham Community Action
	Reshma Begum	Federation of Small Business
	Bill Fullen (BF)	Believe Housing

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
1.	<b>Welcome and apologies</b>	SP welcomed everyone to the inaugural meeting and thanked everyone for their time.		
2.	<b>United Kingdom Shared Prosperity Fund presentation</b>	<p>SP introduced the UK Shared Prosperity Fund (UKSPF), the purpose of the meeting and role the Group with regard to the Fund. SP delivered a presentation which outlined the aims, governance and DCC allocation of the UKSPF. SP also set out progress undertaken to date in developing the UKSPF Investment Plan for Durham, a summary of the evidence base that has been collated, guiding principles to inform the development of the Investment Plan, the emerging areas of focus and proposed next steps.</p> <p><b>Comments</b>  ES asked where the proposals have come from. SP informed they have come from information provided by stakeholders in the thematic working groups and the statistical evidence base that has been collated.</p> <p>JC asks should there be a link around strategic fit and the county council's recent and ecological emergency declaration and whether the aspiration for net zero should be accompanied an aspiration for net gain. SP informed that this is being taken on board and clarified that the recommendations are suggestions at this point and are not finalised, and welcome further input from the group.</p> <p>RH asked that in terms of the stages of this fund nominal projects will not come until after September. SP confirmed that is the case and clarified that in the Investment Plan submission, that at this stage it needs to identify areas where the investment will be made and provide the justification for that, showing where there is the need and opportunity, based on evidence. It was also explained that the reason we are not</p>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p>putting projects into the investment plan at this stage was so as not to raise expectations which we cannot deliver yet.</p> <p>RH stated that youth unemployment in his constituency and mental health are the two areas he would like to be slotted into any of the shared prosperity projects/objectives.</p> <p>JG referred to the Investment Plan paper, which was received prior to the meeting, and that it nicely outlines with evidence where the key gaps are and which we should be able to shuffle around to meet the e-numbers.</p> <p>RC asked as evidence is important will there be a call out for such evidence to other organisations to help support the investment plan development. SP informed that the working groups continue to collect evidence and asks if anyone has evidence to be used to submit it.</p> <p>MC – the summaries in the paper have been good, commenting that community and place is at the heart of everything we do. It is good to see the revenue vs capital split because all too often there is a lot of money going into capital,- Also referring to the good quality jobs – this is open to definition, it is not just about green and higher skills but about jobs at every level. The charity sector is now seeing an increase in-work poverty, which involves earning money just to survive. The wellbeing aspect is absolutely key and we should not underestimate the role of the third sector in helping to deliver this, but need to ensure that this is accurately costed, to ensure third sector is not operating below contract value levels as is often expected.</p> <p>MS – referred to the points raised by Rt. Hon. Holden regarding mental health in particular, and it would be good to see the capitalisation of existing projects and assets to further strengthen the planned work of the levelling up fund and the public health investment. Good examples of this are Health Employment Link workers in Durham Works, Durham Enable, and also the investment for providing good quality free employee assistance programmes for small businesses and the voluntary and community sector organisations and free mental health training. We need to see the</p>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p>links between health and productivity through all of the plans as they are developed.</p> <p>SP pointed out again that we are not talking about projects at this point or having any pre-determination of the how the accountable body and the partnership spend the money, however agreed that the work being undertaken by Durham Enable is a good example as they work with those people who have the most physical and mental disabilities and what is a good job for them may not be what is a good job for a PhD graduate. MS emphasised that he felt it is important when looking at the “what” we take into consideration that health considerations are woven through as they are interdependent on the 3 areas of the UKSPF.</p> <p>PH agreed and endorsed with what has been said so far, we need to look at getting people access to jobs in different ways i.e. bus routes. He informed that he visited a company in Newton Aycliffe who deal with access of people who are deaf into work and educating employers how they can work with people who are deaf, these are the sort of projects we could also consider at the time.</p> <p>SP asked if members agreed with everything that has been stated throughout the meeting. ES stated that she’d welcome a focus on volunteering and opportunity as a lot of volunteers have not returned post covid. ES queried whether support for the economically inactive to start their own business should be included, this may not be cost effective as these people are far away from the ability of running their own business, so we need to consider a different starting point for them. MC stated that from her previous employment that she is aware of this area of work and that this is an admirable aim but also hard to achieve as other organisations have struggled to gain investment.</p> <p>AB stated he agrees and supports the investment proposals as outlined in the paper and in particular the points raised by MC and MS.</p> <p>MF stated that there is nothing that she disagrees with but would like to reiterate that</p>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p>we need to tackle the health inequalities, support local communities and volunteering.</p> <p>PH finally commented that we need to be careful and consider who the impact and outcomes of this funding is for and ensure is it not central government but for local communities and residents.</p> <p>SS asked if there was anything that would be useful for the Partnership + Board to do between this and the next meeting. It was agreed that the discussions today had highlighted a number of areas which the Technical Funding Group would work on and ensure were incorporated into future papers submitted to the CDEP+ Board Other working groups do continue to meet and if anyone would like to submit any information please communicate with the chairs of the thematic groups, Sarah Slaven and Jenny Taylor for Business Support and Innovation. For skills and communities please direct communication to Claire Williams.</p> <p>Next steps include further stakeholder engagement and gathering of evidence to inform the plan. The next meeting of the CDEP+ is 22<sup>nd</sup> July where the results of this will be presented in the investment plan.</p> <p>Open invitation was given to everyone at the meeting to attend the wider stakeholder event to beheld on 4 July at the Ramside Hall hotel.</p> <p>SP thanked everyone for their involvement and input today and closed the meeting.</p>		
	<b>Date and time of Next Meeting</b>	<b>22<sup>nd</sup> July at 10.30am - at Salvus House, Durham/Zoom</b>		

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Better for everyone

**Meeting:** County Durham Economic Partnership+ Board meeting:  
UK Shared Prosperity Fund – County Durham Investment Plan

**Date & Time:** Friday 22<sup>nd</sup> July at 10.30am

**Venue:** Salvus House & Zoom

	Name	Organisation/Pillar Rep
<b>Present:</b>	Sue Parkinson (Chair) (SP)	Vice Chair, CDEP
	Cllr Elizabeth Scott (ES)	Portfolio Holder for Economy & Partnerships, Durham County Council
	Jenny Taylor (JT)	Head of Economic Development, Durham University
	Sarah Slaven (SS)	Managing Director, Business Durham
	Claire Williams (CW)	Funding and Programmes Manager, Durham County Council
	Elaine Armstrong (EA)	Strategic Manager, DWP
	Andrew Broadbent (AB)	New College Durham
	Michelle Cooper (MC)	County Durham Community Foundation
	Reshma Begum (RB)	Federation of Small Business
	Kevan Jones MP (KJ)	Member of Parliament
	Adam Anderson (AA)	Student with Kevan Jones Office
	Danny Wood (DW)	Kevan Jones Office
	Angela Brown (ABro)	Durham County Council
<b>Attended Via Zoom:</b>	Grahame Morris MP (GM)	Member of Parliament (Needed to leave meeting before 11am)
	Audrey Christie (AC)	County Durham Association of Local Council's
	Bill Fullen (BF)	Believe Housing
	Michael Shannon (MS)	Public Health
	Jim Cokill (JC)	Chair of Environment & Climate Change Partnership
	Paul Howell MP (PH)	Member of Parliament
	Richard Holden MP (RH)	Member of Parliament
	Jo Laverick (JL)	Durham Community Action
<b>Apologies:</b>	Glynn Llewellyn	Chair of CDEP

	Alison Gittins	Durham Business Group
	Amy Harhoff	Durham County Council
	Michelle Rainbow	NELEP
	Prof Jon Gluyas	Durham university
	Dehanna Davison MP	Member of Parliament
	Alan Patrickson	Chair of Safe Durham Partnership Board
	Cllr Paul Sexton	Chair of Health & Wellbeing Board
	Jane Robinson	Chair of County Durham Together Partnership

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
1.	<b>Welcome and apologies</b>	SP welcomed everyone to the meeting and thanked them for their time.		
2.	<b>Minutes of meeting of 24th June 2022</b>	These had been circulated previously and were agreed as a true and correct record.		
3.	<b>Matters Arising from the Minutes</b>	None other than covered on the Agenda		
4.	<b>United Kingdom Shared Prosperity Fund presentation</b>	<p>This was a single agenda item meeting, to consider the report, which had been circulated with the Board papers.</p> <p>By way of introduction, SP delivered a presentation, which provided the Board with a reminder of the progress undertaken to date in developing the UKSPF Investment Plan for Durham. It gave a resume of the evidence base and proposed areas of focus that had been discussed at the June meeting and of the guiding principles to inform the development of the Investment Plan, which the Board had agreed at the same time. The presentation then set out the proposals for the investment plan, including selected UKSPF Interventions, that had been developed as a result, demonstrating how they had taken into account the guidance given by the Board at its previous meeting, as well as the results of ongoing stakeholder engagement. It finally proposed a future work-plan.</p>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p>The presentation closed by asking the Board to:</p> <ol style="list-style-type: none"> <li>a. confirm or otherwise that it agrees to the proposals contained in this paper, which set out the focus of the UKSPF Investment Plan and is supportive of it</li> <li>b. note the arrangements for work to develop calls for activity and that a further meeting of this Board will be convened when a more accurate timeline for the Investment Plan approval becomes clear.</li> </ol> <p>A wide ranging discussion ensued. This focussed on the Board's reflections on the appropriateness of some aspects of the Prospectus issued by HM Govt., and on the Board's views on the suggestions contained in the paper and presentation.</p> <p>A number of comments were made regarding the former. There was particular, and commonly shared, concern about the requirement to spend substantial amounts of funding in the current financial year, the imposed rigidity of applying spend in given financial years and also about the inability of Plans to invest in employability and skills, outside of some limited exceptions, until year 3. The point was made, and generally agreed, that this latter would detrimentally effect the ability of Durham to have continuity of provision of skills and employability support as ESF funding came to an end, effectively early in 2023. A number of Board members, individually and collectively, stated that they intended to approach the Secretary of State for Levelling Up, Housing and Communities, to express these broad concerns and seek flexibility.</p> <p>With regard to the Investment Plan, there was a broad, but not unanimous, view that this was an appropriate response to the Prospectus.</p> <p>The following points were made:</p> <ul style="list-style-type: none"> <li>- The view that the Investment Plan as described did not fully justify the evidence base which had led to the selection of interventions. This was noted, as was the view that this had drawn on the Economic Statement, the recent Our Big Econ-versation and extensive stakeholder engagement, and</li> </ul>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		<p>was thus fully justified.</p> <ul style="list-style-type: none"> <li>- The view that the Investment Plan was too wide ranging and thus would potentially be inefficient. A proposal was put forward that it should concentrate solely on skills, employing creativity in response to restrictions to only spend money on skills in year 3. This was noted, as was the view that priorities had been identified in Communities and Place and under Supporting Local Business, including through extensive stakeholder engagement.</li> <li>- The view that the involvement of the Voluntary and Community sector would need support were they to be called upon to deliver in such short order. Although delivery was possible from 1st April 2022, this would need to be de-risked financially if the sector were able to utilise this, which would in turn require the support of the County Council as Accountable Body. This was noted and the possibility would be pursued.</li> <li>- The view that, notwithstanding the imperfections in the design of the Prospectus, nonetheless Durham partners have extensive experience of managing such funding, of taking a pragmatic approach and of recognising that such arrangements often show fluidity as time progresses. There were a number of activities which had been developed in response to opportunities from Community Renewal Fund and Capital of Culture 2025 bid which were entirely consistent with the Investment Plan and which could be brought to market in short order.</li> </ul> <p>SP summarised the consensus and asked for specific agreement or otherwise to the following points from Members:</p> <ol style="list-style-type: none"> <li>1. that Members, individually or collectively with others as they saw fit, would pursue with DLUHC the possibility of further flexibilities around areas of concern highlighted during the meeting. All agreed</li> <li>2. that work to deliver calls for activity, as set out in the paper and presentation, commence immediately. All agreed.</li> <li>3. that proposals contained in this paper, which set out the focus of the UKSPF Investment Plan, were agreed and that the Board and is supportive of it. This was the prevailing view, but with one Member expressing dissent. Otherwise all agreed.</li> </ol>		

Item No.	Subject	Discussion and Decision	Lead Officer(s)	Timescale
		SP thanked everyone for their involvement and input and closed the meeting.		
	<b>Date and time of Next Meeting</b>	<b>TBA once initial reactions to the Investment Plan are received.</b>		

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