



**Economy and Enterprise
Overview and Scrutiny Committee**

Date Monday 24 September 2012
Time 10.00 am
Venue Committee Room 2 - County Hall, Durham

Business

Part A

Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.

1. Minutes of the meeting held 6 July 2012 (Pages 1 - 12)
2. Declarations of Interest, if any
3. Items from Co-opted Members or Interested Parties, if any
4. Media Relations:
Update on Press Coverage.
5. Quarter 1, 2012/13 Performance Management Report: (Pages 13 - 28)
Report of the Assistant Chief Executive – presented by Graham Tebbutt, Customer and Services Intelligence Manager, Regeneration and Economic Development.
6. Forecast of Revenue Outturn: (Pages 29 - 62)
 - (i) Forecast of Revenue Outturn Quarter 4, 2011/12.
 - (ii) Forecast of Revenue Outturn Quarter 1, 2012/13.

Presented by Azhar Rafiq, Finance Manager, Resources – Joint Report of the Corporate Director of Regeneration and Economic Development and the Corporate Director of Resources.

7. Adult Learning Strategy: (Pages 63 - 66)
 - (i) Joint Report of the Assistant Chief Executive and Corporate Director of Children and Adult Services.
 - (ii) Presentation by Jeanette Stephenson, Strategic Manager, Social Inclusion, Children and Adult Services.

P.T.O.

8. Tourism in County Durham: (Pages 67 - 70)
 - (i) Report of the Assistant Chief Executive.
 - (ii) Discussion with Melanie Sensicle, Chief Executive, Visit County Durham.
9. Refresh of the Regeneration Statement and the County Durham Infrastructure Delivery Plan and Community Infrastructure Levy: (Pages 71 - 76)
 - (i) Joint Report of the Assistant Chief Executive and Corporate Director of Regeneration and Economic Development.
 - (ii) Presentation by Mike Allum, Spatial Policy Manager, Regeneration and Economic Development.
10. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
14 September 2012

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

Councillor J Moran (Chair)
Councillor A Naylor (Vice-Chair)

Councillors J Armstrong, B Arthur, A Barker, B Brunskill, C Carr, J Cordon, B Graham, J Hunter, P Jopling, R Liddle, C Potts, J Rowlandson, P Stradling, Andy Turner, M Wilkes, M Williams and A Willis

Co-opted Members:

Mr T Batson, Mrs O Brown, Mrs A Harrison, Mr A Kitching, Mr D Lavin and Mr JB Walker

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2 - County Hall, Durham** on **Friday 6 July 2012** at **10.00 am**

Present:

Councillor A Naylor (in the Chair)

Members of the Committee:

Councillors J Armstrong, B Arthur, J Cordon, B Graham, P Jopling, R Liddle, J Rowlandson and M Williams

Co-opted Members:

Mr A Kitching

Apologies:

Apologies for absence were received from Councillors C Carr, J Moran, C Potts, Andy Turner, M Wilkes and A Willis and Mrs O Brown, Mrs A Harrison and Mr D Lavin

Also Present:

Councillor E Tomlinson

A1 Minutes

The Minutes of the meetings held on 12 March 2012 and 29 March 2012 were agreed by the Committee as a correct record and signed by the Chair.

A2 Declarations of Interest

Councillors B Arthur, P Jopling and R Liddle declared an interest in Item 9 as Board Members of East Durham Homes and Dale and Valley Homes.

A3 Items from Co-opted Members or Interested Parties

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

A4 Media Relations

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy of slide see file of minutes), namely the support for businesses from Durham County Council (DCC) to provide quality office accommodation; the report of the Committee's Working Group looking at "Improving Employment Opportunities of Young People (18-24)" being considered by Cabinet; development of 400 homes and a business park to regenerate Barnard Castle; and creation of 120 jobs at the Social Resource Centre Head Office at Ferryhill, a community company that helps vulnerable people.

Resolved:

That the presentation be noted.

A5 Quarter 4, 2011/12 Performance Management Report

The Chair introduced the Head of Strategic Programmes and Performance, Andy Palmer who was in attendance to speak to Members in relation to the Quarter 4, 2011/12 Performance Management Report (for copy see file of minutes).

The Head of Strategic Programmes and Performance reminded Members of the changes in performance reporting with target and tracker performance indicators and noted that the developments since the Quarter 3 report were the feedback from the Overview and Scrutiny Management Board Workshop looking at the performance framework and reporting; specific performance indicators relating to the Capital Programme; issues with Tourism; and, as reported within the media relations item, development plans for Barnard Castle, showing that while Durham City was an economic driver it was not the only place for development.

The Committee learned that the key achievements in Quarter 4 were:

- The 100% Decent Homes Standard being maintained for Durham City Homes (DCH) together with Dale and Valley Homes (DVH) and East Durham Homes (EDH) surpassing their year end targets.
- The number of private rented sector properties having been improved by Local Authority intervention had exceeded year end targets.
- Good progress regarding the "whole town" approach to regeneration, with projects at Stanley, Seaham North Dock and various sites at Bishop Auckland and Newton Aycliffe.
- Significantly increased support for Tourism businesses.
- Additional support in tackling homelessness in light of Welfare Reform (£1.8m to improve temporary accommodation), noting no major increase in presentations.
- Phase 1 of the capital refurbishment of business sites being complete, surveys and designs for Phase 2 underway to be completed March 2013.

The Head of Strategic Programmes and Performance explained that key performance issues going forward were:

- The number of empty properties being brought back into use as a result of Local Authority intervention was 44 against a target of 80, noting the poor performance during the Housing Renewal service restructure in Quarters 1-3.
- The processing of major planning applications had shown a slight increase in performance, though was still below target. Moves to an integrated Planning IT system, consolidation of offices and a project managed approach through Planning Performance Agreements were steps being taken to increase performance.
- The percentage of bus services running on time was 88.1% with the target being 95%. It was explained that it was thought that there may have been traffic issues in Quarter 3 at Durham bus station and at Bishop Auckland which may have been due to local road network issue.
- Deletion of a key action from the Council Plan, following the Appeal of the Bradley Opencast site, the proposed access improvement works to the A692 corridor have been withdrawn.

Member noted the Tracker Indicators set out at paragraph 9 of the report in relation to the continued rise in the number of 18-24 year olds claiming Job Seekers Allowance (JSA). It was added that the Committee had looked at the issue and the Council had an Apprentice Programme in place (County Durham Apprenticeship Programme), and also was a partner in delivering the Government's "Work Programme" in relation to employment. The Committee learned that Child Poverty was also increasing and that there was a slight delay in the signing of contracts between the Government and Hitachi, with Hitachi beginning to engage with local Colleges and supply chain manufacturers.

The Head of Strategic Programmes and Performance concluded by highlighting the key risks, those included the loss of Area Based Grant (ABG) funding; the worsening condition of Seaham North Pier and the ramifications for economic regeneration in the area; worsening private housing stock condition; and diminishing capital resources and depressed land values impacting upon the deliverability of major projects and town initiatives within proposed timescales.

The Chair thanked the Head of Strategic Programmes and Performance and asked Members for their questions.

Members asked questions relating to the youth unemployment, major planning applications, Seaham North Dock, progress at Spennymoor and Hitachi. The Head of Strategic Programmes and Performance reminded Members of the work of the Committee looking at youth unemployment and the mitigation steps being taken by planning services. Members noted that the potential risk at Seaham North Pier had been highlighted and the Council would liaise with the North Dock Company and the Environment Agency accordingly. Members noted that they would be informed of progress on the North Dock opening, delayed from the end of June 2012. Councillors were informed that the Economic Regeneration Manager was working on an Investment Plan for Spennymoor, and that all of the 12 major settlements would be addressed similarly, with reports to go to Cabinet.

The Head of Strategic Programmes and Performance concluded by noting that the delay in signing the Hitachi contract had not detracted from the process of identifying skills that were required, working with local Colleges on initiatives such as advanced apprenticeships and on issues such as securing further European funding.

The Principal Overview and Scrutiny Officer, Stephen Gwilym referred to Appendix 5 which gave feedback relating to the Overview and Scrutiny Management Board workshop session that had looked at the issues around performance indicators and reporting to Committee.

Members noted that the overall response had been fed back to Cabinet, with each thematic group receiving feedback at the relevant Overview and Scrutiny Committee.

Resolved:

That the report be noted.

A6 Overview of Homelessness Strategy

The Chair introduced the Core Team Manager, Housing Solutions, Andrew Burnip, who was in attendance to give a presentation to Members in relation to the progress of the Homelessness Strategy (for copy see file of minutes).

The Core Team Manager reminded Members that the duty for Local Authorities to provide a review of housing need and publish a 5 year strategy, a consequence of the Homelessness Act 2002, with a Strategy being in place by 2003, refreshed for 2008 – 2013. Members noted the three main strategic objectives in this regard:

- To prevent homelessness by delivering prevention and housing options focused service across County Durham that delivers advice and assistance to all in housing need.
- To ensure that sufficient, appropriate and affordable accommodation is available for people who are homeless or at risk of homelessness.
- To support people who are homeless or who are at risk of repeat homelessness.

It was explained that an exercise had been undertaken to bring together services so that they were now offered from 2 locality based offices, and overall there had been a 30% reduction in front line staffing. Members learned that this had resulted in smarter working practises being developed, with increased focus on quality assurance through procedures that encompassed excellent client care, good supervision, identifying training needs and robust audit arrangements. The Core Team Manager added that ensuring a consistency of service had proven challenging, however the measures put in place were working well.

The Committee learned that the Homelessness Action Partnership (HAP) had been re-launched, now comprising of 3 locality based forums supported by the Core Team, with the Chairs being representatives from the Third Sector. It was noted that this was augmented by a Third Sector Forum that comprised of those from the Community and Voluntary Sector (CVS) as well as Registered Social Landlords (RSLs). Councillors noted that there was an allocation of £30,000 for each of the local forums in order to meet local needs such as food banks; training materials relating to drug and alcohol misuse; and offsetting bad debt via options such as Credit Unions.

Members noted that in some cases, those with debt may need to have conditions set such that they save for a period in order to try to service the debt and DCC was running a pilot scheme to help provide quick access to a credit union, with support and finance advice.

The Core Team Manager added that there was ongoing work with RSLs in respect of delivering DKO via digital television and access via smart phones, which had generated 26,000 hits in the last 3 months, or 155 bids of which 8 were successful. Councillors noted that a pre-eviction protocol was in place with RSLs where DCC could contact those tenants and see what could be given.

Members were also informed that there was an Under Occupation Officer looking at issues of large and older houses that may only have a single tenant. Councillors were informed that a process of mapping the impact of Welfare Reform was also being undertaken.

The Core Team Manager noted that the smarter working practices put in place were not simply in order to deal with reduced budgets; measures put in place were also designed to improve performance and consistency of service. Members learned that there were activities such as the appointment of Prevention Champions, 400 staff over 30 organisations including people such as Probation Officers and Health Workers that may be better placed to detect the early signs of problems with tenancies. It was added that a "Think Family" approach was being undertaken, looking at assessing and addressing the wider needs of some tenants and the Family Wise and Family Intervention Project (FIP) were able to access some European Social Fund (ESF) monies to help those most in need. Councillors were informed of a Vulnerable Adults Protocol that was in place to help make those people's tenancy sustainable long term. It was added that there was a housing options "wizard" on the housing solutions website that offered advice to tenants and prospective tenants.

The Committee were informed of a Department for Communities and Local Government (DCLG) grant of £400,000 that was being used to help tackle homelessness, with many preventions tools being made possible including amongst others: a bond guarantee scheme for those looking to rent in the private sector; a prevention fund offering up to £400 to help with arrears or fees to stop an eviction; the "Remain Safe" scheme, formally ran by Developing Initiatives Supporting Communities (DISC) now operated by the Safe Durham Partnership (SDP). It was noted that in effect, through the SDP, DCC's Direct Services would be carrying out the works to harden security at properties with the budget now being solely used for equipment rather than split between equipment and staffing costs. The Core Team Manager added that there were also specialist Debt and Welfare Rights Advisors together with funds relating to mortgage rescue and repossession. Councillors learned of the Discretionary Housing Payment Protocol, a Government grant that Local Authorities can use to help individuals, with £177,000 being issued last year. Members noted that the amount now available would be £333,000, with a top up of £100,000 from DCC.

The Core Team Manager explained that the Authority must be able to provide temporary accommodation and after Local Government Reorganisation (LGR) for County Durham, a mapping exercise was carried out to ascertain what provision each of the pre-LGR District Authorities had in place resulting in an options appraisal and an invitation for tender for a Holistic Temporary Accommodation and Support Service (HTASS) being issued.

Members noted that there was funding within the Regeneration and Economic Development (RED) and Adults, Wellbeing and Health (AWH) budgets for 3 years providing 22 units for temporary accommodation with support.

The Committee learned that the turnaround for temporary accommodation was 3 working days, with a Joint Protocol in place for 16/17 year olds offering up to 16 “crash pads”, 5 of which are ring fenced to Children and Young People’s Services (CYPS) and that this, in reducing the use of Bed and Breakfast type accommodation, had effected a cost saving. The Core Team Manager explained that there were 200 “Lets” with support allocated within the private rented sector (PRS) and that there was links to new “Night Stop” provision, which was brought in-house, offering up to 3 week provision rather than 3 nights. Councillors noted that “Step Forward” supported housing offered 14 2-bed properties with help with transitional move-on, to ease problems of the of “bed blocking”. It was added that there was support regarding tenancy conversion, with 9 months support and that Housing Solutions funding for this was allocated for 3 years.

Councillors were informed of various accommodation provided including: “The Fells” a £1.8 million “Places for Change” project funded through the Homes and Community Agency (HCA); a new YMCA facility at Chester-le-Street and a £500,000 extension to Stage 2 of the supported housing scheme at Shotton Colliery.

Members were asked to note that there were several proposals in development including: “No Second Night Out” a scheme to prevent rough sleeping, with DCC as the lead Authority; an Adults facing Chronic Exclusion (ACE) pilot scheme with The Cyrenians; and the regional “Through the Gate Plus” service working with the Ministry of Justice (MoJ) and DCLG to help those exiting prison to access short stay accommodation for up to 14 weeks.

The Core Team Manager concluded by noting that performance in relation to homelessness had noted a 12% increase in the number of preventions over the period 2008 to 2012 and a 30% reduction in the number of acceptance of homelessness. The Committee noted that there was also a 19.2% reduction in the number of homelessness applications and that a “rough and ready” figure for the cost of each application was around £5,300. It was noted that the cost per prevention for DCC was in the order of £230, equating to a non-cash saving of around £1.4 million for 2011/12.

The Chair thanked the Core Team Manager and asked Members for their questions.

Councillors questioned the number of presentations versus acceptances and asked about issues such as forces and ex-forces personnel having access to support and the role of DCC and partners in providing advice in response of Welfare Reform changes.

The Core Team Manager explained that the raw numbers of presentation versus acceptances could be misleading as the presentations included all enquires “through the door”, even phone calls where advice is given. Members were informed that DCC worked in parallel to organisations such as St. Peters Court at Sacriston, supporting in kind, helping to move people on to their own accommodation. The Core Team Manager noted that issues relating to the Durham Key Options (DKO) allocations policy and changes such to support service personnel may be highlighted in the upcoming agenda item.

Members were informed that issues of Welfare Reform were being looked at and the impact of reduced benefit for under-occupancy would remain to be seen, whether people would be prepared to move to properties with less bedrooms to remain in receipt of benefit or “stay and pay” to remain at their current property. Councillors noted that a number of RSLs were starting to offer “shared units” and that Government had set out a transitional protection regarding a “bedroom tax”, albeit for 9 months.

Councillors explained that the Core Team within DCC Housing Solutions has staff to look at issues such as mortgage rescue and loan funds, however noted that although a 5% impact from Welfare Reform could equate to a need for 2 full-time equivalents to cope with demands upon the service. Members understood that this would be albeit working in partnership with colleagues from the Welfare Rights Team in supporting people, together with issuing self-help toolkits for individuals and RSLs to help them help their tenants.

Resolved:

That the presentation and report be noted.

A7 Update on the work of the County Durham Economic Partnership

The Chair introduced the Chair of the County Durham Economic Partnership (CDEP), Ken Jarrold who was in attendance to give Members and update in relation to the work of the CDEP.

The Chair, CDEP thanked Members for the opportunity to speak and noted that it was timely in that his second, 3 year term as Chair of the Partnership would end 31 July 2012. The Committee noted that the successor to the role of Chair of the CDEP was Professor Brian Tanner of Durham University, a Physics Professor, a Director of Kromek (a NETPark company) and also the recipient of the Queen’s Award for Enterprise Promotion 2012.

Members were informed that the Chair, CDEP wished to highlight the successes of the CDEP; the issues associated with the state of the economy in general; the role of the CDEP moving forward; and the Work Programme of the Committee linking into that role.

Councillors were reminded that the economic position over the last 6 years had worsened, despite the efforts and hard work of all those involved in the economic partnership. It was noted that 2 indicators that highlighted this were the number of those in receipt of JobSeekers' Allowance (JSA) having increased over that period from around 7,500 to approximately 16,000 and that youth unemployment had roughly doubled in that 6 year period.

The Chair, CDEP noted that the Council’s Regeneration Statement was a powerful guide and would benefit from its refresh and that also the Business, Enterprise and Skills Strategy was another important document that also highlighted that a key focus must be to make an improvement to the employment rate in County Durham. Members were asked to note the positive contribution to the CDEP on regeneration issues linked to transport, planning, highways and tourism and the healthy state of the Partnership, with mention of County Councillor E Tomlinson, who is Chair of the CDEP’s Rural Working Group.

The Committee was reminded of the increased participation of the private sector over the last 6 years at the CDEP and paid tribute to Sue Parkinson, Vice-Chair, CDEP and Chair of the Business and Enterprise Working Group. It was added that whilst the public sector was the largest employer within the County, the manufacturing industry was the second largest and representation from the industry within the CDEP was welcomed.

Members noted that, as mentioned within the Committee's recent report on Increasing Employment Opportunities of Young People (18-24) activities such as the "Learning the Business" scheme and the DCC Apprenticeship scheme were welcome boosts, however, as resources continued to reduce there was a challenge to be able to fund all the activities in the future. It was noted this was an area for the CDEP together with partners, including the Council's Corporate Director of Adults and Children Services Rachael Shimmin, in her role within the Children's Trust, to work together on.

The Chair, CDEP explained that the Work Programme of the Economy and Enterprise Overview and Scrutiny Committee was welcomed by CDEP, most notably the focus on youth employment and on the issue of Welfare Reform, both of which were key in tackling the poor economy including the reduced purchasing power within the economy.

The Chair, CDEP concluded by noting that it had been a privilege to live and work in County Durham for the last 15 years, in previous roles within the NHS and as Chair of the CDEP.

Members thanked the Chair, CDEP for his positive contributions and engagement with the Council's Overview and Scrutiny function and noted that he would be a tough act to follow in his role as Chair of the CDEP. Councillors asked whether the impact of the loss of the Regional Development Agency (RDA) had been felt, and what the future may hold for the region. The Chair noted that the loss of the RDA had been a huge loss, in respect of the funding that flowed through the RDA into the region. It was added that the formation of the Local Enterprise Partnerships (LEPs) was welcomed, though there could be difficulties with 7 separate Local Authorities working together and that the LEP funding and support was significantly less than that of the former RDA. The Chair, CDEP noted that the incoming Chair, Professor Brian Tanner, would continue to support the CDEP and may be able to offer insight into new technologies and businesses that could help the region in the future.

Resolved:

That the information provided during the discussion be used to help identify any additional areas of focus for inclusion in the Committee's Work Programme for 2012-2014.

A8 Durham Key Options - Lettings - Policy Changes

The Chair introduced the Senior Policy Officer, Regeneration and Economic Development, David Randall, who was in attendance to speak to Members in relation to the proposed changes to the Durham Key Options (DKO) Letting Policy (for copy see file of minutes).

The Senior Policy Officer referred Members to the report within the agenda papers noting that the proposals were for the 9 Bands within the Lettings Policy to be reduced to 5 Bands, A to E, with the new Band E to represent those adequately housed.

It was added that this would represent around 8,000 of the 19,000 within the DKO scheme, 37% being owner/occupier, 15% being Council lets, 16% being Housing Associations and the remaining 32% being the private rented sector. Members noted that while there was provision within the Localism Act to remove Band E it had been agreed to retain Band E for County Durham as it would allow harder-to-let properties to become occupied.

The Committee noted that there were around 500 people within the existing Band F (June 2012), the reduced preference Band for those with rent arrears or in cases of anti-social behaviour (ASB). It was noted that Officers and Partners would be reviewing this Band, with around 50% to move from the reduced preference Band, though there could be grounds for disqualification from the register where 8 weeks rent or mortgage was in arrears.

Members learned that there would be a few changes to priority groups, with priority transfers for high demand properties, temporarily moving some into Band A for up to 12 months in order to free up those in-demand properties, linking to Bands B and C regarding stock issues and under-occupancy. The Senior Policy Officer added that in respect of Armed Forces, since the report within the agenda papers was printed, guidance from Government has been published with higher preferences for those serving in the Armed Forces, those injured whilst serving, the spouses and civil partners of those killed in service and members of the Reserve Forces. It was noted that while this was not thought to represent a large number of people, Government guidance did not seem to stipulate any time limits on qualifying for such increase preference so the situation would be monitored accordingly.

The Committee noted that there would also be increase preference for those offering a "positive contribution" though full-time employment addressing a skills gap within the County; those volunteering; and those in training that would provide further people to plug the identified skills gap. Members were reminded of the homelessness duty of the Authority and that partners had agreed to amend this as such to allow the time given to bid for a property would be reduced from 12 weeks to 4 weeks, unless the person was in an established vulnerable group.

The Senior Policy Officer concluded by explaining that DKO partners were consulting with their tenants and applicants as regards the proposed changes until the end of August 2012.

Members appreciated that in parallel to this, the Council's Housing Solutions Core Team would consult with Third Sector organisations and that when both were completed, the final version of the DKO Lettings Policy would be prepared and a report would be submitted to Cabinet in November 2012 and to the various Partner Board meetings in addition.

The Chair thanked the Senior Policy Officer and asked Members for their questions.

Members raised issues such as occupation of "aged persons bungalows" and "aged people areas" and an increased priority for those moving from situations of under-occupancy to more suitable accommodation.

The Core Team Manager noted that in the cases of specific properties Members could approach Officers with details; however in general, issues of subletting or ASB would be dealt with as a matter of breaches of an individual's Tenancy Agreement. It was added that also it was shown that having a mixed range of ages within an area was preferable and that as mentioned, the new threshold of 8 weeks rent arrears would give greater flexibility in dealing with nuisance tenants.

The Core Team Manager noted that in relation to priority for those wishing to move from properties in an under-occupancy situation; those in Band B would still need to bid and while there were quotas in place, though the situation would need to be monitored.

Resolved:

- (i) That additional information in relation to Armed Forces Personnel and "Positive Contribution" be circulated to Members of the Committee.
- (ii) That the Committee endorse the proposed DKO consultation questions.
- (iii) That a further report outlining the results of the Durham Key Options Lettings Policy consultation exercise be brought to a future meeting of the Committee.

A9 Stock Options Appraisal - Update

The Chair introduced the Housing Stock Option Appraisal Project Manager, Marie Roe, who was in attendance to give a presentation to Members in relation to the progress of the Stock Options Appraisal (SOA) Project (for copy see file of minutes).

The SOA Project Manager reminded Members that there had been a significant amount of consultation in regards to the SOA, representing 19,000 properties within the County, and that Councillors would be updated on progress since the last presentation to Committee in February 2012.

Members were reminded that at Cabinet held on 14 December 2011, 3 key recommendations had been made in relation to the changes in the subsidy for Local Authority housing provision in England; a review of the Housing Management Arrangements; and options for stock transfer. Councillors noted that the membership of the Project Board reflected the high level strategic nature of the project, with the Board including the Portfolio Holder, Councillor C Robson, the Assistant Chief Executive; the Corporate Director: Resources; and the Corporate Director of Regeneration and Economic Development, together with customer representation. The Committee noted the projects completed thus far, including the agreement of project plans; agreement of key messages such as this being the largest SOA project in England; and the allocation of the Board as the key decision making group.

The SOA Project Manager explained that the Project Board had set up Task and Finish Groups that report back to the Steering Group, which also included customer and staff representation. Members learned that this included Asset Management, Housing Management and Stock Transfer Task and Finish Groups together with sub-groups looking at issues such as the Draft Durham Standard and Sustainability Matrix (to deliver consistency) and identifying costs and identifying areas of need.

It was noted that other issues looked at within the sub-groups would include: refining objectives to ensure that they were what was needed; visiting other organisations (examples being Leeds and Halifax) to learn from their experiences of SOA and stock transfers; and to test models of the options to transfer or retain stock.

The Committee noted that the Steering Group was the major consultative group and had developed a detailed Option Risk Register and a comprehensive Communication Strategy. Members were reminded that around 2,500 people had attended the various consultation events. It was added that in addition to monitoring the Task and Finish Groups, the Steering Group also considered the financial and legal advice given, providing challenge in this respect, and also explored the potential governance arrangements for the options being considered. Members learned that the Steering Group would provide recommendations to Cabinet in November 2012 in respect of potential options.

The SOA Project Manager explained that, in addition, there was a separate Customer Working Group that had procured, appointed and managed the Independent Tenant Advisor (ITA), Open Communities in line with best practise. It was added that the Customer Working Group had also reviewed the Tenant Empowerment Statement and was working on a refresh of this while also developing a communication programme for customers.

Members noted the next steps were to continue to work with stakeholders to test options; to bring forward the stakeholders preferred options for transfer or retention to Cabinet in Autumn 2012 and to review governance arrangements, planning for continued stakeholder involvement in the implementation of agreed options.

The Committee thanked the SOA Project Manager for her work in this regard and appreciated that it was a difficult and complicated process and looked forward to further information on the lessons learned from other Local Authorities and organisations in their SOA and transfer projects in due course.

Resolved:

- (i) That the Members of the Economy and Enterprise Overview and Scrutiny Committee note the information provided in the presentation and report.
- (ii) That Economy and Enterprise Overview and Scrutiny Committee receive a further progress update in relation to the Stock Options Appraisal Project at the meeting on the 19 November 2012.

A10 Refresh of the Committee's Work Programme

The Overview and Scrutiny Officer referred Members to the report within the agenda papers referring to the refresh of the Committee's Work Programme (for copy see file of minutes). Members were reminded that at the meeting held 29 March 2012 the Committee had considered the actions identified within the Council Plan 2012-2016 for the Altogether Wealthier priority theme and agreed the Committee's Work Programme to include a number of these actions together with topics in line with the DCC Cabinet Forward Plan, DCC Sustainable Communities Strategy (SCS), forthcoming Government legislation and the outcomes of the quarterly performance reports.

Members were reminded of the comments from the Chair, CDEP as regards the Committee's report on Increasing Employment Opportunities of Young People (18-24) and were asked if there were any suggestions for additions to the Work Programme or preferences for areas for review by the Committee.

Councillors reiterated the comments of the Chair, CDEP in identifying Welfare Reform as an important topic for review and added that information on the impact of Area Action Partnership (AAP) activities in relation to apprenticeships would be useful.

The Overview and Scrutiny Officer noted that information on AAP apprenticeship activity would be brought forward in the systematic review of the Increasing Employment Opportunities of Young People (18-24) in due course, together with the progress in general against the report recommendations.

Resolved:

That the Members of the Economy and Enterprise Overview and Scrutiny Committee agree the new Work Programme as detailed for 2012-2014, noting the inclusion of the topic of Welfare Reform.

A11 Minutes of the meeting of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 30 April 2012 were received by the Committee for information.

**Economy and Enterprise
Overview and Scrutiny Committee**



24 September 2012

**Quarter 1 2012/13
Performance Management Report**

**Report of Corporate Management Team
Lorraine O'Donnell, Assistant Chief Executive
Councillor Simon Henig, Leader**

Purpose of the Report

1. To present progress against the council's corporate basket of performance indicators (PIs) for the Altogether Wealthier theme and report other significant performance issues for the first quarter of 2012/13.

Background

2. This is the first quarterly corporate performance report of 2012/13 for the council highlighting performance for the period April to June 2012. The report contains information on key performance indicators, risks and Council Plan progress.
3. The report sets out an overview of performance and progress by Altogether priority theme. Key performance indicator progress is reported against two indicator types which comprise of:
 - a. Key target indicators – targets are set for indicators where improvements can be measured regularly and where improvement can be actively influenced by the council and its partners; and
 - b. Key tracker indicators – performance will be tracked but no targets are set for indicators which are long-term and/or which the council and its partners only partially influence.
4. A summary of key performance indicators is provided at Appendix 3. More detailed performance information and Altogether theme analyses are available on request from performance@durham.gov.uk.

Developments since last quarter

5. Extensive work has been undertaken by all services to develop a new 2012/13 corporate set of indicators as set out in Appendix 3. This set of indicators is based around our six 'Altogether' priority themes and will be used to measure the performance of both the council and the County Durham Partnership.
6. Changes have also been made to the way service plans are monitored. For 2012/13 all actions within each service plan will be monitored corporately instead of the set of key actions identified last year. Monitoring will be undertaken on an exception basis using the following system:
 - **Red** - Not on track (i.e. the deadline has passed and the action has not been achieved or the deadline is in the future but it is known that it will not be achieved by that date)
 - **Green** - On target to be completed by the deadline
 - **White** - Completed by or prior to the deadline

Altogether Wealthier: Overview

Performance indicators				
	Red	Amber	Green	N/A
Direction of travel	5 (50%)	0 (0%)	5 (50%)	3
Performance against target	6 (60%)	0 (0%)	4 (40%)	3

Actions				
	Red	Green	White	Deleted actions
Performance against target	9 (21%)	32 (75%)	1 (2%)	1 (2%)

Council Performance

7. Key achievements this quarter include:

- a. The proportion of East Durham Homes properties currently not meeting decency criteria shows very positive performance at quarter 1 with a reduction of 5 percentage points since the previous quarter, bringing levels of non-decency down to 56% against a year-end target of 54%. Dale and Valley Homes has 2% of properties that are non-decent which falls just outside of the 1.8% target. However, Durham City Homes has 9.8% of homes that fall below levels of decency, due to an annual refresh of data, although as with previous years, a capital business programme has been developed which will ensure that 100% decency is achieved again by 31 March 2013.
- b. In terms of service plan actions, considerable progress has been made in relation to the Stock Options Appraisal including finalising of the stock condition survey for stock in East Durham. This information was used to update the long term investment projections in the Housing Revenue Account Business Plan. A workshop was held with stakeholder representatives and the Independent Tenant Adviser to explore the advantages, disadvantages and risks of stock transfer and retention options. A series of presentations on the preferred options has been given to ensure all stakeholders have an opportunity to contribute to discussions on preferred options.
- c. Service Plans have been completed at Head of Service level across Regeneration and Economic Development (RED) for the first time, enabling the service grouping to better manage how we work and plan what we do and to plan improvements to the way we work.

8. The key performance improvement issues for this theme are:

- a. The number of empty properties brought back into use as a result of local authority intervention remains below the period target. There have been 12 empty properties brought back into use during April to June 2012 which is below the target of 17. Robust work is being undertaken with key Registered Social Landlords and investors in order to bring properties back into use. A number of long term and complex cases have been resolved this quarter through negotiation with owners.
- b. The number of private rented sector properties improved as a direct consequence of local authority intervention is 163 for the period April to June 2012, slightly less than 12 months previous (169).
- c. In terms of council plan actions there are a total of 9 actions (21%) behind target, all of which are the responsibility of the RED service grouping. The reason for 8 of the 9 actions being behind target is that the timescales had been revised due to more detailed service planning information being available as part of the development of Heads of Service plans within the RED Service Grouping (as referred to previously in the report). Revised dates for these actions are tabled below:

Action	Original date	Revised date
Prepare for and deliver key regeneration and housing projects in the city to stimulate investment and maximise job opportunities:		
Aykley Heads: Planning application for phase one (Police HQ)	September 2012	March 2017
Freemans Reach, former ice rink: Planning submission	July 2012	December 2015
Deliver phased implementations of the key town regeneration frameworks including:		
Resolve the position with Festival Walk, Spennymoor	April 2012	September 2013
St. Johns Square, Seaham; Completion of Public Realm works	June 2012	December 2012
Deliver the redevelopment of Witham Hall, Barnard Castle	March 2013	September 2013
Implement capital improvement schemes from the Local Transport Plan to improve accessibility between our main towns	December 2015	March 2016
Complete planned public transport improvements on the 7 key corridors to improve punctuality, reliability and attractiveness of bus travel	December 2012	March 2019
Facilitate and expand broadband connections for our residents and businesses to encourage home working in rural communities	March 2013	March 2016

9. The remaining Council Plan action behind target is through a European funded project, (targeting disadvantaged families) work to support 1265 residents which includes supporting 316 residents into work through an employment support programme by December 2014. This has been delayed to March 2016. The project received 188 referrals and 64 families have now started on the programme. The training officers have developed, and are delivering, bespoke training packages across the county in partnership with Family Intervention Project, Family Wise and housing solutions staff and also with various professionals within Durham County Council and external partners across the region.
10. A key RED service plan action to increase developer confidence in County Durham by enabling non council owned sites to be appropriately developed and management of council owned sites and property was due for refresh in July 2012. This has been delayed to September 2012. The Strategic Housing Market Assessment is nearly complete and will be going through the approval process in August to September 2012.
11. Tracker indicators for this priority theme (see Appendix 3, table 2) show:
- The proportion of children in poverty remains high and has not declined substantially since the start of the credit crisis in 2008. Latest data available for November 2011 indicates that the proportion of children in poverty has decreased marginally to 24.2% from 24.4% reported at August 2011. This proportion remains higher than the England average (20.2%) but lower than the equivalent North East figure (25.5%).
 - The number of passenger journeys undertaken on the Park and Ride service during quarter 1 was 283,440. This is an increase on the same period last year which saw 249,700 passenger journeys. The figure for quarter 1 includes the torch relay visiting Durham City but also a period of bad weather which may have had an effect on usage.

- c. Although the number of Job Seekers Allowance (JSA) claimants aged 18–24 has decreased this period to 5,165 from the previous quarter 4 period (5,565), this is still significantly higher than the same period last year which saw 4,360 18–24 year old claimants. Youth unemployment remains one of the most significant challenges within the labour market. Government policy has incentivised work with the long term young unemployed since April 2012 through wage subsidy under the Youth Contract. Local initiatives such as the Apprenticeship Wage Support Grant have prioritised the take up of apprenticeships for under 24 year olds. Further programme initiatives are under development locally and nationally. The County Durham Apprenticeship Programme has started 110 apprentices in work between November 2011 and June 2012.
- d. The number of JSA claimants claiming for 1 year or more continues to increase from 2,885 at the previous quarter 4 period to 3,920 in quarter 1 (equating to a 35.8% increase). The current long-term claimants represent 25.2% of all JSA claimants. This is due to the slow rate of new job creation set against continued job losses, particularly in central and east Durham. The Work Programme is the main Government programme response for JSA claimants of 12 months plus.
- e. The proportion of affordable homes as a proportion of net homes completed currently stands at 52% at quarter 1. Overall completions across the county have fallen from 193 to 159 (-17.6%) when compared with the same period last year. The proportion completed in major settlements has fallen from 73.9% at quarter 4 to 54.1% this period. Recent monitoring activity has confirmed that there is a large supply of housing sites with planning permission that are yet to be implemented (5,276 units) or are under construction (3,333 units). Therefore as a healthy land supply exists, this reduction is considered to be a direct consequence of the continuing economic downturn which is affecting developers' ability to commence new sites. This is also reflected in the high proportion of affordable housing (total of affordable units delivered was 83), which shows that new housing supply is being led by affordable housing delivery through subsidised schemes.

12. Further performance issues relate to:

- a. The Department for Transport has signed the deal with Hitachi Rail Europe which will bring a high tech rail assembly plant to Newton Aycliffe. The new train factory will be built by Hitachi in Newton Aycliffe, creating 730 skilled jobs and a further 200 jobs during construction of the plant. It is expected to secure thousands more jobs in the UK supply chain. Hitachi will build 596 railway carriages to assemble an intercity fleet of 92 complete trains at the site. The contract comes under the Government's Intercity Express Programme (IEP) to replace Britain's Intercity 125 trains with higher capacity modern trains. Hitachi will also locate its European rail research and development capabilities at Newton Aycliffe, boosting its ability to win rail contracts across the continent.
- b. Re-commissioning for a 2013 Lumiere Festival has been agreed by Cabinet at their meeting on 24 July 2012 following the resounding success of the 2011 festival. The festival will have a significant beneficial economic impact and considerable return on investment for the council.

13. The key risks to successfully delivering the objectives of this theme are:

- a. *The County Durham Partnership may fail to narrow inequality and deprivation gaps due to the loss of Area Based Grant funding.* Management consider it probable that this risk will occur, which will have a major impact in terms of increasing social and economic deprivation in the county. An action plan is being developed to mitigate this risk as far as possible, although it should be recognised that this will remain a significant risk for at least the next 4 years.

- b. *Coastal erosion and improved environment may be adversely impacted if a programme of repairs to Seaham North Pier is not undertaken.* Management consider it possible that this risk may occur, and to mitigate the risk, funds are being investigated as part of the 2013/14 budget for the design of repairs to the structure (Neighbourhood Services).

14. Other significant risks include:

- a. Private housing stock condition worsens with adverse implications for local economy, health and neighbourhood sustainability;
- b. Diminishing capital resources, continuing depressed land values and slow growth in the private sector will impact on the ability to deliver major projects and town initiatives within proposed timescales.

Recommendations

- 15. That the Economy and Enterprise Overview and Scrutiny Committee receive the report and consider any performance issues arising there from.

Appendix 1: Implications

Finance

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

Staffing

Performance against a number of relevant corporate health PIs has been included to monitor staffing levels and absence rates.

Risk

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

Equality and Diversity

Corporate health PIs and key actions relating to equality and diversity issues are monitored as part of the performance monitoring process.

Accommodation

Not applicable

Crime and Disorder

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

Human Rights

Not applicable

Consultation

Not applicable

Procurement

Not applicable

Disability

Corporate health PIs and key actions relating to accessibility issues and employees with a disability are monitored as part of the performance monitoring process.

Legal Implications

Not applicable

Appendix 2: Key to symbols used within the report

Where icons appear in this report, they have been applied to the most recently available information.

Performance Indicators:

Direction of travel

Latest reported data has improved from comparable period

GREEN

Latest reported data remains the same as comparable period

AMBER

Latest reported data has deteriorated from comparable period

RED

Performance against target

Performance better than target

Getting there - performance approaching target (within 2%)

Performance >2% behind target

Actions:

WHITE

Complete. (Action achieved by deadline/achieved ahead of deadline)

GREEN

Action on track to be achieved by the deadline

RED

Action not achieved by the deadline/unlikely to be achieved by the deadline

Benchmarking:

GREEN

Performance better than other authorities based on latest benchmarking information available

AMBER

Performance in line with other authorities based on latest benchmarking information available

RED

Performance worse than other authorities based on latest benchmarking information available

Appendix 3: Summary of Key Performance Indicators

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Table 1: Key Target Indicators

Ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier										
1	% of users who felt the cultural events were "good" or "very good"	90%	Jul 2011	90%	GREEN	97.6%	RED			
2	Attendance figures at cultural activities (museums, Gala, BRASS, Book Festival)	106,457	Apr - Jun 2012	120,592	RED	New indicator	N/A			
3	Apprenticeships started through Durham County Council funded schemes	56	Apr - Jun 2012	37	GREEN	New indicator	N/A			
4	% of enrolments on adult learning courses leading to qualifications	92.3%	2010/11 ac. yr.	90%	GREEN	90.1%	GREEN			
5	Proportion of Dale and Valley Homes properties currently not meeting decency criteria (former NI 158)	2%	Apr - Jun 2012	1.80%	RED	5.24%	GREEN			
6	Proportion of Durham City Homes properties currently not meeting decency criteria (former NI 158)	9.80%	Apr - Jun 2012	0%	RED	5.66%	RED			
7	Proportion of East Durham Homes properties currently not meeting decency criteria (former NI 158)	56%	Apr - Jun 2012	54%	RED	75%	GREEN			

Ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
8	Number of private rented sector properties improved as a direct consequence of local authority intervention	163	Apr - Jun 2012	70	GREEN	169	RED			
9	Number of empty properties brought back into use as a result of local authority intervention, excluding empty properties demolished as part of an area based housing renewal intervention.	12	Apr - Jun 2012	17	RED	11	GREEN			
10	Local authority tenant satisfaction with landlord services (Dale Valley Homes)	88.3%	2011/12	Not set for 2011/12	N/A	80.0%	GREEN			
11	Local authority tenant satisfaction with landlord services (Durham City Homes)	78.0%	2011/12	Not set for 2011/12	N/A	79.8%	RED			
12	Local authority tenant satisfaction with landlord services (East Durham Homes)	83.7%	2011/12	Not set for 2011/12	N/A	N/A	N/A			
13	% of council owned factories and business support centre floorspace that is fully occupied	71%	Apr - Jun 2012	76%	RED	73.14%	RED			

Table 2: Key Tracker Indicators

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier										
95	Number of top retailers represented in Durham City	15	Apr - Jun 2012	15	GREEN	15	AMBER			
96	Number of all new homes completed in Durham City per financial year	7	Apr - Jun 2012	81 [3]	Not comparable	24	RED			
97	% of households within County Durham who can access Durham City market place within 1 hour journey by public transport before 8.30am, including walking time	78.71%	Apr - Jun 2012	75.82%	GREEN	75.82%	GREEN			
98	Number of passenger journeys recorded by the operator of the 3 Durham City Park and Ride sites.	283,440	Apr - Jun 2012	279,934	GREEN	249,700	GREEN			
99	Total number of visitors to main attractions in Durham City	Data available at Q2	N/A	New indicator	N/A	New indicator	N/A			

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
100	All homes completed in and near all major settlements, as defined in the County Durham Plan, as a proportion of total completions.	54.08%	Apr - Jun 2012	73.86%	RED	60.10%	RED			
101	Total planning applications received against all categories	874	Apr - Jun 2012	814	GREEN	835	GREEN			
102	Total number of major planning applications received	32	Apr - Jun 2012	25	GREEN	20	GREEN			
103	Proportion of properties within the county that are within Council Tax Band D and above as provided by the District Valuation Office	14.71%	Apr - Jun 2012	14.69%	GREEN	14.18%	GREEN			
104	Number of JSA claimants aged 18-24	5,165	Apr - Jun 2012	5565	GREEN	4360	RED			
105	Proportion of all JSA claimants that are aged 18-24	33.26%	Apr - Jun 2012	35.00%	GREEN	34.05%	GREEN			

Page Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
106	Number of apprenticeships started by young people resident in County Durham as recorded by the National Apprenticeship Service	1050	Nov 11 - Feb 12	1875	RED	New indicator	N/A			
107	Number of JSA claimants claiming for one year or more	3920	Apr - Jun 2012	2855	RED	785	RED			
108	Proportion of all JSA claimants that have claimed for one year or more	25.24%	Apr - Jun 2012	17.96%	RED	6.14%	RED	23.2%	29%*	Q1 2012/13
109	Proportion of the working age population defined as in employment (former NI 151)	66.50%	Mar-12	67.30%	RED	65.90%	GREEN	70.20%	65.2%*	2011/12
110	Proportion of the working age population currently not in work who want a job	15.70%	Mar-12	13.97%	RED	New indicator	N/A			
111	Proportion of the working age population who are qualified to NVQ level 3 or equivalent	49.0%	2010	45.9%	GREEN	45.9%	GREEN			

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
112	Proportion of affordable homes provided as a proportion of total net homes completed (former NI154 & NI155)	52.00%	Apr - Jun 2012	79.76%	RED	26.00%	GREEN			
113	Total number of those registered on the Durham Key Options system who have been rehoused (includes existing and new tenants)	959	Apr - Jun 2012	975	RED	908	GREEN			
114	Number of preventions as a proportion of the total number of homelessness presentations	216 (15.6%)	Apr - Jun 2012	280 (20.00%)	RED	198 (14.90%)	GREEN			
115	Number of statutory applications as a proportion of the total number of homelessness presentations	232 (16.70%)	Apr - Jun 2012	242 (17.30%)	GREEN	317 (23.90%)	GREEN			

Page Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
116	Number of acceptances (of a statutory duty) as a proportion of the total number of homelessness presentations	88 (6.30%)	Apr - Jun 2012	91 (6.50%)	GREEN	125 (9.40%)	GREEN			
117	Total number of homelessness presentations	1382	Apr - Jun 2012	1402	GREEN	1326	RED			
118	Child poverty (former NI116)	23.50%	Feb-11	23.50%	AMBER	24.50%	GREEN	20.06%	25.4%	Feb-11
119	Child poverty (proxy measure)	24.20%	Nov-11	24.41%	GREEN	23.79%	RED	20.20%	25.5%*	Nov-11
120	The number of local passenger journeys on the bus network	25,880,600	2009/10	New indicator	N/A	New indicator	N/A			
121	The number of passenger journeys made by concessionary bus pass holders	11,032,451	2009/10	New indicator	N/A	New indicator	N/A			
122	The number of passenger journeys made on the Link2 service	7577	Apr - Jun 2012	New indicator	N/A	New indicator	N/A			
123	The number of trips made using council funded community transport	Data available at Q2	N/A	New indicator	N/A	New indicator	N/A			

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
124	Accessibility of Newton Aycliffe Industrial Estate within one hour using public transport and arriving by 8.30am	33.46%	Apr - Jun 2012	31.53%	GREEN	31.53%	GREEN			
125	Number of visitors to the main attractions in County Durham	257,194	Oct - Dec 2011	646,094 [3]	Not comparable	New indicator	N/A			
126	Number of tourism businesses actively engaged with Visit County Durham	47	Apr - Jun 2012	140	RED	37	GREEN			
127	Businesses engaged with/assisted (all sectors)	106	Apr - Jun 2012	New indicator	N/A	New indicator	N/A			
128	The number of new business start ups receiving business assistance	Data available at Q2	N/A	New indicator definition	N/A	New indicator definition	N/A			
129	Number of enquiries received for new business start ups	29	Apr-Jun 2012	New indicator definition	N/A	New indicator definition	N/A			

[\[3\] This data is cumulative and the figure is based on 12 months data for the year end so comparisons are not applicable.](#)

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**Economy and Enterprise Overview
and Scrutiny Committee**

24 September 2012



**Regeneration and Economic
Development Service – Revenue and
Capital Outturn 2011/12**

**Joint Report of Corporate Director – Regeneration and Economic
Development and Corporate Director - Resources**

Purpose of the Report

1. To provide details of the outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget.

Background

2. County Council approved the Revenue and Capital budgets for 2010/11 at its meeting on 23 February 2011. This report covers the financial position for the following three major accounts maintained by the RED service grouping:

- *RED Revenue Budget - £42.447 (original £39.617m)*
- *Housing Revenue Account - £57.631m*
- *RED Capital Programme – £92.421m (original £107.434m)*

3. The RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:

- Transfer of budget from AWH £10k
- Use of ABG Reserve £221k
- Contribution to Derwentside Training Reserve - £75k
- Use of Durham City Vision Reserve £35k
- Use of LEGI Reserve £752k
- Use of Performance Reward Grant £15k
- Use of Strategic Reserve for Redundancies £1,271k
- Use of Family Intervention and Empty Homes Reserves £102k
- Concessionary Fares reduction - £250k
- Balance sheet adjustment for Derwentside Training £910k
- Support charges for use of Depots by RED £101k
- Transfer of pension augmentation budget previously held centrally £347k
- Recalculation of capital charges £240k

- Transfer of budget to Resources - £135k
- Transfer of budget for carbon tax £6k
- Reduction in budget to contribute to reserves of £720k

The final revised General Fund Budget in 2011/12 was £42.447m.

4. The summary financial statements contained in the report cover the financial year 2011/12 and show: -
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the RED revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The Regeneration and Economic Development Service Grouping was reporting a **£0.569m** cash limit underspend against the revised annual budget of **£42.447m**.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis

£'000	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Outturn
Employees	26,511	28,404	1,893	(458)	1,435
Premises	1,966	3,808	1,842	(35)	1,807
Transport	1,376	1,355	(21)	1,626	1,605
Supplies and Services	10,370	9,646	(724)	-	(724)
Agency and Contracted	21,005	20,722	(283)	-	(283)
Transfer Payments	105	151	46	-	46
Central Costs	5,375	24,890	19,515	(14,856)	4,659
GROSS EXPENDITURE	66,708	88,976	22,268	(13,723)	(8,545)
INCOME	(24,261)	(51,733)	(27,472)	18,358	(9,114)
NET EXPENDITURE	42,447	37,243	(5,204)	4,635	(569)

Analysis by Head of Service

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items outside Cash Limit	Final Outturn
Policy Planning Performance	1,151	1,129	(22)	-	(22)
Economic Development	8,167	1,850	(6,317)	6,087	(230)
Housing	5,441	6,244	803	(1,113)	(310)
Planning	5,919	5,672	(247)	(238)	(485)
Transport	16,601	14,519	(2,082)	1,530	(552)
Central Costs	5,168	7,829	2661	(1,631)	(1,030)
NET EXPENDITURE	42,447	37,243	(5,204)	4,635	(569)

7. The following is a breakdown of items outside of the cash limit:

• Redundancy costs to be met from strategic reserve	73
• Augmentation costs	(26)
• Strike pay, employee insurances and leave adjustments	34
• Equal pay settlements	(539)
• Repairs and maintenance and design service recharges	(35)
• Concessionary fares underspend	77
• Contribution to reserves for specific grants awarded	1,515
• Insurances and technical leasing adjustments	34
• Central administration recharges	(4,698)
• Capital charges	8,200
	4,635

8. Attached in the table below is a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. concessionary fares) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
Policy Planning Performance (PPP)	PPP	Staff savings	(5,764)	(22,298)
		Other savings in running costs	(16,534)	
Economic Development	Head of Economic Development / VCD	Overspend approved on Visit County Durham activities	33,688	
		Strategic Investments	Overspend due to revenue costs relating to capital schemes not budgeted for	
	Economic Strategy	Overspend on North Eastern LEP contribution	50,000	
		Under spend due to vacant manager post	(53,718)	
		Under spend on research and evaluation budgets	(356,908)	
	Business Services	Under spend due to vacant posts and secondment of a member of staff	(51,741)	
Overspend approved for Nightsafe Support service until RED restructure finalised		51,557		

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend	
		Overspend on Industrial Estates due to budget pressures on income and increased NNDR costs on vacant units due to change in Government legislation	309,897		
	Regeneration Funding	Underspend due to 2 members of staff on maternity leave	(26,804)		
	Economic Regeneration	Underspend on project development costs	(73,998)		
		General underspend on transport and supplies costs	(34,542)		
		Underspend due to vacant posts, maternity leave and long term sickness	(136,201)	(230,300)	
	Housing Management	Overspend on supplies and services	2,565		
	Housing Solutions	Mediation Services stopped in 2011/12 - budget to be used for HTASS contract which was delayed in starting	(40,000)		
		Savings on Temporary Accommodation results from a re-negotiated contract with Derwentside Homes plus the increased ability for clients to recover costs through the Benefits System. In addition as a result of the pending HTASS contract less money was spent on the various Temp Accom buildings used.	(109,940)		
		Dellside (Temporary Accommodation Building) was badly damaged through fire - therefore not used during 1011/12	(10,000)		
		Savings on the Rent Deposit Guarantee Scheme resulting from less defaulters than anticipated for in the original estimates	(26,400)		
		Staff and car allowance savings resulting from vacant posts through out the year - delays in filling posts following the Service review	(79,100)		
		General underspend on Choiced Based Lettings and Joint Protocol	(10,050)		
		Savings resulting from less clients requiring financial assistance to pay rent arrears	(2,290)		
		Contribution to DASH no longer being made	(1,170)		
		Other general efficiency savings - primarily savings on printing, stationery and postages	(65,635)		
		Additional spend on Prevention Initiatives to be met from savings identified above	95,500		
		Supported Housing	Original salary saving not materialised - resulting from additional costs of covering for absent staff	16,746	
			Savings on staff training - training delayed due to staff movement in 2011/12 following service review	(65,000)	
	Premises savings resulting from the closure of offices at Easington and the withdrawing of the rent allowance for staff		(47,000)		
	Increased vehicle costs resulting from higher fuel costs than estimated for plus the use of additional vehicles		66,604		
	Additional purchase of essential equipment - financed from other savings		164,532		
	Revenue Contribution to Capital - this is to finance additional equipment purchased in the capital programme - met from savings identified		130,000		
	Savings on Contract Payments resulting from the rationalising and centralising of the service		(259,940)		
	Loss of income resulting from a lower than anticipated client base on Care Services. Additional loss of income from Parish Councils withdrawing support for CCTV		116,000		
	Housing Strategy	Staff savings results from an Officer seconded to Housing Options and savings on the training budget	(33,382)		
		Savings in audit fees and software budgets - no longer required	(63,200)		
		Other general efficiency savings	(4,607)		

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
	Housing Regeneration	Underspend on salaries in Housing Regeneration Delivery (71k) offset by reduced capital contribution (service fully financed from Capital) - i.e. no impact on GF	0	(310,300)
		Original salary saving not materialised	37,000	
		Saving on staff training as a result of RED review	(14,000)	
		Additional Landlords Initiative income received in year	(37,000)	
		Income brought forward from previous years for Energy Efficiency initiatives not used	(61,500)	
		General net savings on supplies and services	(9,033)	
Planning	Head of Planning	Overspend on supplies & services arising from North Pennines contribution	6,849	(484,726)
	Planning Policy	Underspend on employees due to vacant posts, maternity leave and reduced working hours £36k Underspend on supplies and services £50k Underspend on transport £22k Overspend due to loss of Habitats Income £17k	(90,826)	
	Local Development Framework	Approved overspend on Local Development Framework programme	187,859	
	Development Management & Admin	Underspend on employees £47k Overspend on transport £18k	(29,699)	
	Development Management	Underspend on employees (payroll) £65K Underspend on training £18k Underspend on transport £86k Underspend on blight works £148k Underspend on supplies and services £10k Underspend due to additional planning fee Income £174k	(501,141)	
	Planning Appeals & Inquiries	Overspend on :Bradley Open Cast from UK Coal Hamsterley Hall from Barratts	15,632	
	Building Control	Overspend due to under achieved income on building control fees (£296k) Underspend on dangerous structures £76k General underspend on supplies and services £88k Underspend on employees budget £47k Underspend on transport £18k	68,029	
	Conservation and Design	Underspend due to additional Income generated £3k Underspend on employees & transport £8k Underspend on supplies and services 22k	(32,587)	
	Archaeology	Overspend agreed on Archaeology projects	91,994	
	Landscape and Ecology	Underspend on employees due to vacant posts £61k Underspend on training £5k Overspend on transport £1k Underspend on supplies and services £49k (Surveys not carried out and Consultant Fees)	(115,264)	
	Sustainability	Underspend on employees due to vacant posts £56k Underspend on supplies & services £11k Underspend on Project Fund £2k	(68,261)	
	Heritage Coast	Underspend due to additional income generated	(17,311)	
	Transport	Head of Transport	Employees - Underestimated employers NI contributions	
Transport - Car Allowances are lower than budgeted			(1,875)	
Supplies -Small saving in supplies and services			(999)	
Strategic Transport Planning		Employees - The under spend is due to the reduction in the number of staff	(85,158)	
		Transport - Car Allowances are lower than budgeted	(2,520)	
		Supplies -Small saving in supplies and services	(33,937)	
		Income - Fees and charges will be higher than budget	(4,238)	
Traffic Management		Employees - The under spend is due to the reduction in the number of staff.	(3,691)	
		Premises - Lower Expenditure for Repairs & Maintenance	(68,716)	

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
		Transport - Car Allowances are lower than budgeted	(1,355)	
		Supplies - Higher than expected Annual Service contracts and software licenses.	70,291	
		Third Party - Higher costs for Parking Services	100,743	
		Central - Bad Debt write off	3,454	
		Income - grant income from the DoT for sustainable travel and addition income from other local authorities.	(15,296)	
		Income - Fees and charges were lower than expected due to lower than anticipated usage of Parking services.	180,249	
	Network Management	Employees - The under spend is due to the reduction in the number of staff.	(74,641)	
		Premises - Repair and Maintenance costs	250	
		Transport - Car Allowances and Vehicle costs higher than budgeted	14,240	
		Supplies - General savings on supplies and services	(7,032)	
		Third Party - Small saving on third party costs	13,384	
		Central - Bad Debt write off	3,292	
		Income - Government Grants unexpected grant income	(23,465)	
		Income - Fees and charges will be higher than budget due to Section 72 & 74 and Fixed Penalty Notices on Utility companies	(199,805)	
	Passenger Transport	Employees - Under spend is due to the loss of staff in the Fleet	(51,008)	
		Premises - Higher rate costs and Cleaning contract	30,022	
		Transport - Vehicle cost are going to be higher than budgeted	(22,124)	
		Supplies - General savings on supplies and services	14,797	
		Third Party - Saving fixed contract	(18,760)	
		Income - Government & Other Grants higher than expected	(55,717)	
		Income - Miscellaneous sales	(5,445)	
		Income - Fees and charges is higher which is mainly due to additional Departure Charges, Fleet income and recharge to the Health Authority	(361,304)	
		Income - Rents are higher than anticipated for Bus Stations	(10,000)	
		Income - Recharges for the Fleet are lower than budget due to the staff savings	49,943	
		Income - Misc Income is lower than anticipated	12,372	(551,770)
Central	Central Costs	Contingency and other expenses overspend	10,140	
		Contribution to RED restructure reserve	500,000	
		Contribution to RED Regeneration Reserve	520,000	1,030,140
TOTAL				(569,254)

9. Budgetary control reports during the year identified shortfalls in income from building control fees and industrial estate rental income as the main budgetary pressures which has been reflected in the actual outturn position. The under spend of £0.569m will be carried forward under the 'cash limit' regime and will be available to support the RED service grouping priorities over the medium term.

Revenue – Housing Revenue Account (HRA)

10. The Authority is responsible for managing the HRA which is concerned solely with the management and maintenance of its housing stock of around 19,000 dwellings. The HRA comprises the housing stock inherited from former Easington, Wear Valley and Durham City councils. Two arms length management organisations (ALMOs) have been established to manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.
11. Council approved the HRA budget on 23rd February 2011. The 2011/12 budget set a balanced budget which included rental income of £56.610m, direct expenditure on ALMO fees, repairs, maintenance, management and supervision of £30.137m and a revenue contribution to the capital programme of £4.659m. Also included was a negative subsidy payment of £4.514m, depreciation of £11.696m and interest payments on housing debt of £6.624m. The rent increase approved by Council was an average of 7.0% which equated to an average rent of £59.37 per week – an increase of £3.87 per week from 2010/11.
12. The table in **Appendix 2** shows the outturn position on the HRA showing the actual position compared with the original budget. In summary it identifies a surplus outturn position on the revenue account alongside a balance on the general HRA reserve of **£7.82m**. The following table summarises the position.

Housing Revenue Account	Budget £'000	Actual £'000	Variance £'000
Income			
Dwelling Rents	(56,610)	(56,840)	(230)
Other Income	(931)	(1,082)	(151)
Interest and investment income	(89)	(113)	(24)
	(57,630)	(58,035)	(405)
Expenditure			
ALMO Fees	18,266	18,266	0
Repairs, Supervision and Management Costs	11,871	12,843	972
Negative Subsidy Payment to CLG	4,514	3,790	(724)
Depreciation	11,696	11,696	0
Interest Payable	6,624	6,327	(297)
Revenue contribution to capital programme	4,659	4,980	321
	57,630	57,902	272
Net Position	-	(133)	(133)

13. The figures above include the use of earmarked reserves for Stock Options (£342k) and Capital (£400k).
14. In summary, the main variances with the budget are explained below and relate to the figures and corresponding notes shown in Appendix 2:

- a) **Dwelling Rents £230k additional income** – this is due to void rates being lower than anticipated in the original estimates.
 - b) **Charges for Services and Facilities £81k additional income** – this results from the receipt of administration charges from furniture packs (not previously budgeted for) at Durham City Homes ;
 - c) **Repairs £418k overspend** - arising from additional works carried out by Durham City Homes, financed from savings made in Supervision & Management budgets. Also additional works were carried out to void properties in an attempt to reduce re-let times;
 - d) **General Management £588k overspend** – this includes £342k on Stock Options which is financed from an earmarked reserve (see note k). In addition there is a provision for £600k included for a court case regarding an outstanding issue with the former Wear Valley District Council and an amount attributable to the cost of rent rebates to tenants above a threshold set by the Government – these costs are partly offset by other efficiency savings;
 - e) **Special Management £251k underspend** – this is due to savings on cleaning charges and running expenses from the closure of Communal Halls.
 - f) **Negative HRA Subsidy £724k underspend** – this is due to additional subsidy received from the Government to cover interest payments on Decent Homes funding of £18.6m allocated in 2011/12;
 - g) **Bad Debt Provision £635k overspend** – arising from an increased provision required for an increased rent arrears position at the year end
 - h) **Net Cost of Services not Allocated to Specific Services £153k underspend** – this results from reduced pension costs for former employees.
 - i) **Interest Payable £297k underspend** – due to reduced interest payable on housing debt arising from a lower interest rate being charged and the housing debt being lower than originally anticipated for in the budget.
 - j) **Direct Revenue Financing £721k overspend** - £321k of the net savings identified above together with an additional £400k from the Capital reserve has been used to support the capital programme and reduce the level of borrowing required.
15. The final position on HRA earmarked balances as at 31 March 2012 was as follows:
- HRA Capital Reserve £2,000k – after expending £400k in 2011/12.
 - Stock Options Reserve £60k – after expending £342k in 2011/12
 - Durham City Homes Improvement Plan £400k – no change

Volatility Reporting (Risk Based Reporting)

16. There are certain budgets, both income and expenditure, that can be volatile in nature and require close scrutiny throughout the year. These include budgets that are subject to external demand beyond the immediate control of the Council and also include income which can be affected by economic pressures. Efforts are specifically directed at these areas, which pose the greatest financial risk to budget management and managing our cash limits effectively.
17. The following items currently form part of the 'volatility' reporting framework and the outturn position on these for the RED Service Grouping was as follows:

Cost Centre	Description	2011-12 Budget £'000	2011-12 Outturn £'000	Variance £'000	Status
Development Control	Planning Fees	-1,634	-1,808	-174	GREEN
Building Control	Building Control Fees	-1,100	-804	+296	RED
Concessionary Fares	Contract Payments	10,250	10,173	-77	GREEN
Bus Contracts	Contract Payments	4,141	4,141	-	GREEN
Business Space	Rental Income	-2,237	-1,863	+374	RED

18. The volatility status indicates the outturn on the specific budget head, with red indicating that the target is not being achieved, amber indicating that the target is not being achieved but the overall variance is within acceptable tolerances and green indicating that the target is being achieved or exceeded.
19. The outturn position shows that the outturn position was broadly in line with forecasts although planning fee income came in higher than expected. The key budgetary control pressures going forward will be building control income and rental income from the industrial estate portfolio.

Capital Programme

20. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 200 schemes managed by around 40 project delivery officers.
21. The outturn position of the 2011/12 Regeneration and Economic Development capital programme has been finalised. The revised budget was £92.421m - consisting of £49.267m for the General Fund and £43.154m for the HRA.
22. Actual spend for 2011/12 amounts to **£79.293m** – consisting of **£37.264m** General Fund and **£41.735** for the HRA. This is shown in the following table:

Service	Final Annual Budget 2011/12 £m	Final Outturn	
		Amount £m	% Spend
General Fund			
Economic Development	18.977	16.699	88%
Housing	11.737	9.103	78%
Planning	7.150	4.144	58%
Transport	6.654	5.351	80%
Minor Schemes	4.749	1.967	41%
Total General Fund	49.267	37.264	76%
HRA	43.154	41.735	97%
Total General Fund & HRA	92.421	79.293	85%

23. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme. Most of the RED capital programme is covered by a small number of significant projects which have long lead times, where implementation is over more than one financial year, and 2011/12 has seen significant progress made for a number of major schemes.
24. **Appendix 4** provides narrative on the major RED schemes, by describing what has been delivered through the programme.

Recommendations:

25. The Scrutiny Committee is requested to note the contents of this report

Contact: Azhar Rafiq – Finance Manager
Tel: 03000 263 480

Appendix 1: Implications

Finance

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

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: 2011-12 Housing Revenue Account Outturn Position

	2011/12 Budget £000	2011/12 Outturn £000	Variance £000	
Income				
Dwelling Rents	(56,610)	(56,840)	(230)	a
Non Dwelling Rents				
- Garages [net of voids]	(769)	(813)	(44)	
- Shops/Other	(96)	(92)	4	
Charges for Services & Facilities	(66)	(147)	(81)	b
Contributions Towards Expenditure	0	(30)	(30)	
Total Income	(57,541)	(57,922)	(381)	
Expenditure				
ALMO Management Fee + Outsourced Contract	18,266	18,266	0	
Repairs & Maintenance	4,156	4,574	418	c
Supervision & Management - General	4,592	5,180	588	d
Supervision & Management - Special	1,066	815	(251)	e
Rents, rates, taxes & other Charges	42	64	22	
Negative HRA Subsidy	4,514	3,790	(724)	f
Depreciation & Impairment of Fixed Assets	11,696	11,696	0	
Debt Management Costs	120	175	55	
Increase/Decrease in bad debt provision	250	885	635	g
Total Expenditure	44,702	45,445	743	
			0	
Net cost of HRA services per Authority I&E Account	(12,839)	(12,477)	362	
HRA services share of Corporate & Democratic Core	1,085	1,085	0	
HRA share of other amounts included in the whole authority				
Net Cost of services but not allocated to specific services	560	407	(153)	h
Net cost of HRA Services	(11,194)	(10,985)	209	
Interest payable & Similar Charges	6,624	6,327	(297)	i
Direct Revenue Financing [Balancing Item on HRA]	4,659	5,380	721	j
Interest & Investment Income	(89)	(113)	(24)	
[Surplus] / Deficit for the year on HRA services	0	609	609	
Contribution from Stock Options Reserve	0	(342)	(342)	
Contribution from Capital Reserve		(400)	(400)	
Actual Position for Year	0	(133)	(133)	

HRA Reserves:	Opening	Closing
Stock Options Reserve	402	60
Durham City Homes Improvement Plan Reserve	400	400
Capital Reserve	2,400	2,000
HRA General Reserve	7,688	7,821

Appendix 3: RED Capital Programme 2011-12 Outturn Position
GENERAL FUND (GF)

Scheme	Final Annual Budget 2011/12 £m	Final Outturn	
		Amount £m	% Spend
ECONOMIC DEVELOPMENT			
Barnard Castle Vision	0.743	0.783	105%
Durham City Plus	0.369	0.347	94%
Durham City Vision	2.688	1.607	60%
Durhamgate	4.834	5.173	107%
Eastgate	0.525	0.000	0%
Industrial Estates	0.506	0.265	52%
NETPark	5.452	5.726	105%
North Dock Seaham	1.094	0.493	45%
St John's Square	0.295	0.605	205%
Town Centres	2.470	1.700	69%
TOTAL ECONOMIC DEVELOPMENT	18.978	16.699	88%
GENERAL FUND HOUSING			
Disabled Facilities Grants (DFG's)/Financial Assistance Programme (FAP)	5.570	3.902	70%
Gypsy Traveller Sites	0.592	0.770	130%
Housing Renewal Programme	5.576	4.431	79%
TOTAL GENERAL FUND HOUSING	11.738	9.103	78%
PLANNING			
Energy Schemes (Efficiency/Renewable)	5.251	2.756	52%
URRI Programme	1.899	1.388	73%
TOTAL PLANNING	7.150	4.144	58%
TRANSPORT			
CCTV	0.350	0.017	5%
East Durham Rail Halt	0.060	0.015	25%
Integrated Transport (LTP)	3.454	3.252	94%
Major Schemes (Transport)	1.710	1.041	61%
Transit 15	1.050	1.002	95%
Transport Corridors	0.030	0.023	76%
TOTAL TRANSPORT	6.654	5.351	80%
Minor Schemes	4.749	1.967	41%
Total General Fund (GF)	49.269	37.264	76%

HOUSING REVENUE ACCOUNT (HRA)

Scheme	Final Annual Budget 2011/12 £m	Final Outturn	
		Amount £m	% Spend
Dale & Valley Homes	6.900	6.821	99%
Durham City Homes	6.700	6.235	93%
East Durham Homes	23.667	23.566	100%
Housing Regeneration (Demolitions)	1.223	0.758	62%
New Build	4.664	4.356	93%
Total Housing Revenue Account (HRA)	43.154	41.735	97%
Overall Total GF & HRA	92.423	78.999	85%

Appendix 4: RED CAPITAL PROGRAMME DELIVERY 2011/2012

RED CAPITAL PROGRAMME DELIVERY 2011/2012

Barnard Castle Vision – Actual Spend £0.783m

The Barnard Castle Vision has had an award winning year in which several projects have come to fruition and two major capital projects have secured funding.

£1.9 million was secured from the Heritage Lottery Fund to deliver the Heart of Teesdale programme of landscape improvements and £3 million to refurbish and extend the Witham Hall and Barnard Castle Library. Construction works begin at the Witham Hall in June 2012. The 'new' Witham Hall will include studios to let to small businesses; a 225 seat auditorium with professional stage sound and lighting; meeting rooms and networking areas and WiFi workspace; gallery retail and visitor information point and outdoor landscaped space for occasional events.

A Heritage Activities Programme is being delivered during and after construction in conjunction with The Bowes Museum to help interpret the rich history of the area and to engage people in the process.

These projects will retain the 'spirit of place' while at the same time providing access to state-of-the-art facilities and an experience that will appeal to a new generation of residents and visitors. A shop share opened in April, fitted out and restored and shared by 3 businesses.

Three Action for Market Towns awards were received for strategic and partnership working, in the business and economy category and environment and culture.

A former car salesroom converted to the NeST Studios and Digital Hub has become firmly established as a business hub supporting digital and creative businesses, underpinned by a WiFi café.

The Digital Dale 4G broadband infrastructure has been completed and residents and businesses are now utilising this service.

The shop front programme and Barney Guild activity has reinvigorated the town centre and attracted new businesses, bucking the national trend.

Durham City Plus – Actual Spend £0.347m

The highway works to Bow Lane were completed at the start of December. The project has been well received by adjacent landowners, partners and the construction industry. The adjacent Dun Cow Lane will be improved during 2012/2013 by Neighbourhood Services using similar techniques and materials. Once completed, this will provide a high quality pedestrian route for people to access Durham Cathedral and Palace Green from the Elvet area of the City.

Durham City Vision – Actual Spend £1.607m

Schemes within this programme are coming to a conclusion. Ongoing and new developments will be taken forward in future through the Durham City Plus and Towns programmes.

Refurbishment works to the Market Place and Vennels are almost complete, however there are a number of contractual issues still to resolve before this scheme can be concluded.

Durhamgate – Actual Spend £5.173m

This 2011/2012 financial years spend supported the following works:-

- Construction of a new fifth leg off the A167/A688 Thinford roundabout junction to create a new access into the development. Throughout 2011/2012 these works have been progressing with the alignment of the new roundabout visible on site. Works to create the new splitter islands has also begun. Outstanding works to this area include, drainage, kerbing, street lighting and surfacing.
- Construction of a new access into Green Lane Industrial Estate off York Hill road. These works were undertaken and completed over the past year.
- Construction of a new roundabout at the A167/York Hill Road junction; During 2011/2012 the new roundabout has been built with only street lighting and signage left to complete.
- Improvement of the existing road network within Green Lane Industrial Estate and construction of new roads to serve commercial and residential areas of the scheme. The new access to the residential site has been completed. Paving works associated with the new road to serve the commercial elements have been progressing over the last few months and are to be completed over the summer months.
- Provision of foul and surface water sewers and new services infrastructure within the highway corridor for the wider development. These works were undertaken and completed over the past year.
- Construction of ancillary 'non-adoptable' public realm works including car parking, high quality paving, lighting, installation of street furniture and soft landscaping. During 2011/2012 these elements of the works have been progressing and will be finished over the summer months in 2012.
- Installation of all highway drainage, street lighting, signage, road markings, bus shelters and soft landscaping associated with the site. Progress has been made with the highway drainage works with only a few remaining elements at Thinford roundabout left to complete.

Street lighting, signage, road markings, bus shelters and soft landscaping have not been progressed to date as they are the last phases of the programme and will be completed by October 2012.

- The diversion of public utility apparatus- These works were undertaken and completed over the past year apart from a gas diversion at Thinford roundabout which is currently on going.
- Minor accommodation works associated with adjacent land affected by the scheme were undertaken and completed over the past year.

Industrial Estate – Actual Spend £0.265m

The final phase of managed offices at Consett Business Park totalling 2,000m² reached tender stage during March 2012, with a start on site anticipated for June 2012 and completion by March 2013. The scheme will deliver BREEAM excellent business accommodation for over 35 new SME's (small to medium sized enterprises) and create over 120 jobs in the Consett area.

A number of minor factory refurbishment schemes were carried out during 2011/2012, including the following:

- Unit 41-46 Stella Gill Industrial Estate - Roof Replacement across 5400sq ft of floorspace.
- Unit 50-51 Stella Gill Industrial Estate - new heating system installed, unit size 1400 sq ft
- Unit 5 Tanfield Lea South Industrial Estate - Removal of old heating system and replacement installed, unit size 2720 sq ft
- St Stephens Court - heating and automatic gate improvements across floorspace of 13477 sq ft
- Unit 13-16 Chilton Industrial Estate - replacement forecourts

NETPark – Actual Spend - £5.726m

Grow on accommodation totalling 5,600m² was completed at NETPark. These include two buildings - Discovery 1 and Discovery 2 - providing high quality office and production space for science and technology based businesses. The first unit was completed in 2010 and is now occupied by Kromek Ltd. Each of the three units is expected to accommodate some 50 high quality jobs in advanced technologies.

North Dock, Seaham – Actual Spend £0.493m

The first phase of the construction work to provide a new marina facility at Seaham North Dock is now complete. The development provides floating pontoons to accommodate up to 76 leisure craft, supported by business workspace for up to 12 marina related businesses, an improved slipway and the reinstatement of dock gates.

Work is currently ongoing to complete the health and safety works at the marina with the installation of the new fencing, seating, signage, litter bins and floorscaping works. The marina is expected to be complete and open to the public in July 2012.

St John's Square, Multi User Centre – Actual Spend £0.605m

The building was completed and opened in May 2012. Public Realm and Art works will continue into 2012/2013.

Town Centres – Actual Spend £1.700m

The town centres capital programme seeks to support and stimulate further private sector investment across the County's main centres.

Projects undertaken during 2011/2012 include targeted business improvements grants which have supported 41 businesses at over 50 units. We have assisted in safeguarding over 100 jobs, and assisted in bringing derelict and underused floor space back into use. The scheme has attracted over £880,000 investment into the centres from property and business owners.

The scheme continued to be well received by businesses in Spennymoor and the town saw another 13 engaging with the project. 12 properties in and around the market place in Bishop Auckland were improved, including the 'blight' that was Fortune Court. Seaham also had significant interest and 12 businesses took up the offer of grant support to improve the retail infrastructure.

Alongside the physical element of the project, we are able to offer support to assist businesses in becoming more sustainable, by means of one to one mentoring. We are also working with DCC and other training providers to offer training opportunities for the retail sector including, customer service training, NVQ in Retail, and apprenticeships.

The public realm works in the Market Place at Bishop Auckland are now substantially complete. Phase 5 and phase 7 were completed in the Spring with the exception of the installation of the new street lights which have been purchased and will be installed by June 2012. The Market Place is now fully available as an events space and street market.

Targeted Business Improvements, public realm, and Highway improvements will continue to be developed in the major centres in line with the priorities of the emerging Master Plans

Disabled Facilities Grants (DFG's) & Financial Assistance Policy (FAP) – Actual Spend £3.902m

DFG - This is a mandatory grant awarded under the Housing Grants, Construction and Regeneration Act 1996 to eligible applicants who have been assessed by an Occupational Therapist as having an essential need for an adaptation to make the properties safer and applicants more independent in their own homes. The maximum DFG award is £30,000 and each applicant (except where the adaptation is for a child) is subject to a test of resources to determine their financial contribution (if any).

533 Disabled Facilities were completed by financial year end. Total DFG spend is £3,296,823.

FAP - Durham County Council are a key partner in the North East Regional Loans Scheme and working together have procured the Five Lamps organisation to administer the loans across the region.

All participating local authorities pay their FAP funding to the Loans Administrator who manages payments to and from the loan portfolio on behalf of the Council. The Policy provides a range of loan types for property owners who are excluded from mainstream sources of finance. Eligible works can include bringing properties up to the Decent Homes Standard, measures to make the property more energy efficient, relocation loans and measures to help qualifying owner-occupiers and landlords to bring long-term empty properties back into use.

£604,993 was spent from our budget in 2011/2012, along with a further £856,338 spend from the budget held by the Five Lamps Organisation.

Housing Renewal (including Gypsy Traveller Sites) – Actual Spend £5.201m

The Housing Regeneration Delivery section resources are targeted on holistic regeneration projects in areas with the worst concentrations of housing problems. Each element of the overall Housing Renewal and Improvement Service therefore plays it's part in co-ordinated local action focused on sustainable improvements.

The delivery of capital investment programmes for the Housing Regeneration Delivery Section include both private and social sector housing stock and include selective acquisition, demolition of housing, group repair schemes, environmental improvements, new housing development and the future refurbishment of the Council's owned Gypsy Roma Traveller sites. In 2011/2012 179 properties have either, been acquired, demolished or benefited from improvements via group repair schemes and environmental improvements on cleared land.

The refurbishment of East Howle Gypsy Roma Travellers site was completed in 2011/2012 and the refurbishment of a further four sites over the next three years is at design stage and procurement options are being considered.

There are ongoing schemes in Craghead, Esh Winning, Wheatley Hill, Easington and Chilton. Schemes in Dawdon, Ferryhill and Ferryhill Station are complete.

Craghead - 139 properties have received boundary wall and Group repair work since the scheme commenced in 2010 including 89 properties receiving free solar panels. The scheme won a prestigious National Home Improvement Council Award in November.

Easington - A total of 39 properties were group repaired in the Wembley and Dawdon areas of Easington Colliery in 2011/2012 further phases of the master plan will progress in 2012/2013.

Wheatley Hill - 18 council properties have been demolished in St Cuthberts and St Bedes Thornley as part of the master plan making available land for new housing in the longer term.

Esh Winning - One property has been acquired in the regeneration area and 7 demolished. The master plan is progressing in association with our partner Keepmoat and further new homes are programmed to be built on the cleared land.

West Chilton - The acquisition of properties in Dean Terrace is progressing, two properties were acquired in 2011/2012 and a further 12 acquisitions have been made in this financial year to progress the stalled masterplan.

Ferryhill Ferryhill Station - The environmental improvement schemes to these areas are now complete, resident feedback has been good and a nomination was made to the Councils 2011 Environmental Awards programme for the Ferryhill Station scheme.

Energy Schemes – Actual Spend £2.756m

The SPA project has successfully installed solar photovoltaic (pv) panels onto 35 DCC buildings, with a spend of £2.75 million. The panels in total give a capacity of 865.87 kilowatt peak which are expected to generate around 707,104 kilowatt hours of energy every year.

The Government Feed In Tariff is guaranteed to pay back a generous amount for every kilowatt generated (rates vary according to the size of the individual pv system) over 25 years, whether or not the building consumes that energy itself, with an additional 3p for every kilowatt that is exported to the grid.

This means that the Council will earn income and savings of at least £8 million over the 25 years period against its £2.8 million investment, and this figure could rise as electricity prices rise.

The project used local companies Esh Construction, John N Dunn and Barrier for most of the installations and survey work.

The project is therefore generating green, low carbon energy, protecting its community buildings, supporting local jobs and the low carbon economy, reducing its energy costs and creating guaranteed income for 25 years.

Energy Efficiency Fund:- This is part of the Carbon Management Plan to reduce CO2 emissions from council operations by 40% by 2015. The fund is to enable capital schemes with a good return on investment, generally of 8 years or less.

For 2011/12 the fund was for the Building Energy Efficiency Retrofit (BEER) scheme phase 1, to improve the energy efficiency of three leisure facilities; Chester-le Street Leisure Centre, Newton Aycliffe Leisure Centre and Stanley Indoor Bowls Centres, as well as Crook Civic Centre. There has been no spend in 2011/2012 as the procurement for the project has been more difficult than envisaged. However, the contractor should be appointed in May 2012.

Away From G:- This was fund was to enable the improvement of our most energy inefficient buildings. This project has been delayed by the BEER project, as it had been intended that this would follow on once its procurement was complete. The surveys have been completed on five of the most inefficient buildings, and this project will commence in May 2012.

Biomass Boilers:- £250,000 has been expended on installing a new Biomass Boiler at Ferryhill Broom Cottages School. Total spend was over £300,000 so the balance was covered by CYPS maintenance budgets. The installation will save around 90 tonnes of CO2 per year, compared to gas boilers.

Gas Boilers:- £250,000 expended on replacing inefficient gas boilers at Annfield Plain Infants, Burnhope Primary ,Evenwood School and Yoden Primary, reducing CO2 emissions and energy costs.

Urban and Rural Renaissance Initiative (URRI) – Actual Spend £1.388m

During the 2011/2012 financial year the URRI delivered environmental improvements to 3 Major Centres, 11 Small Towns and Villages, and 10 Member Schemes. Key schemes in 2011/2012 included:-

Stanhope - completion of improvements to the entrance and access to the outdoor pool including car park works, creation of designated pedestrian footways and planting, plus similar works to the station.

Coundon area - resurfacing the unmade road on William Street and bringing the access road up to adoptable standard, provision of gateway features through planting schemes, improvements to the car park in the village and improving access to the surrounding countryside walks. URRI also provided a new access to the recently installed Community Transport Hub in Dene Valley.

Burnhope - reinstatement of a footpath, this was a member led scheme predominantly funded by member match funding.

Blackhill - completed a second phase of public realm improvements to the commercial centre in Blackhill including resurfacing the footpath, providing new bins and bollards moved the existing bus stop onto a build out and widened the available footpath for pedestrian use.

Burnopfield - replacing tarmac surfaces with paved footpaths, new railings and dropped crossings to improve access.

Cockfield - outside the village co-op installed natural Yorkstone paving and new bollards to prevent vehicular over-run.

Pelton Fell Shops - removal of existing poor quality tarmac outside the commercial area in Pelton Fell and replacement with paving flags, new street furniture and street trees.

West Auckland - assistance on improvements to the car park and targeted building improvement grant scheme resulting in the refurbishment of a number of key buildings around the village green including listed buildings, commercial premises and buildings at key entry points into the village.

Consett - works started on Newmarket Street taking up uneven tarmac footpaths and replacing them with paved footpaths, the creation of a new seating area and a gateway feature.

Chester-le-Street - phase 1 improved access links between the station, Front Street shopping area and the cricket ground. Works included resurfacing of footpaths, provision for pedestrians and cyclists and provision of new signage.

Bowburn - the final section of Durham Road received treatment including the removal of existing tarmac footpaths and replacement with paved footpaths and new street furniture.

Newton Aycliffe - a member led scheme focused on the commercial centre of Neville Parade. Works included the take up of the existing patched tarmac footpath and replacement with paving flags, provision of new street furniture and provision of additional parking.

Member Schemes - included creation of a number of play areas; parking and landscaping schemes at Holly Hill and Easington; gateway feature provision and parking at Langdale Oval; nature area creation; and footpath link provision.

Local Transport Plan (LTP3) – Actual Spend £3.252m

LTP3 is split into three areas, Sustainable Travel, Economic/Transport Corridors and Whole-Town Approach.

Sustainable travel focuses on modes of transport other than the private car such as Public Transport, Walking & Cycling, Taxis etc. as well as reducing casualties on the highway network, providing improved driver information and investing in electric vehicle infrastructure.

Economic/Transport Corridors involve improvements to the principal road network and major transport routes throughout the county. Also under this title within LTP3 are the more substantial Transit 15 and Sunderland Bridge schemes which are funded separately.

Whole-Town Approach deals with the twelve main settlements in the county, aiming to improve transport to regenerate the town and attract businesses.

There are links with the Masterplans along with the Destination Development Plan and Place Shaping activities.

Major Schemes – Actual Spend £1.041m

The construction of Drum Industrial Estate Roundabout is now complete. West Auckland Bypass, Wheatley Hill to Bowburn, Chilton Bypass and Durham Park & Ride are schemes that have all been completed for some time now. The nature of these schemes has meant that a slippage of funding continues due to the ongoing Land Compensation Act: Part 1 claims and land acquisition claims which can be made up to 7 years after scheme completion.

The negotiations of the Part 1 claims have been underway for some time and they are being pursued directly by Assets and/or on their behalf by an external valuation agency. Unfortunately updates have not been received regarding their current status.

Shildon to Newton Aycliffe Cycleway is at the developmental stage. This replaces the scheme originally being developed at Belmont to secure the additional funding from Sustrans.

Transit 15 – Actual Spend £1.002m

Three further schemes have been completed this year (Durham High School, North Road/B6532 Durham and Barley Mow) along with a number of Corridor Infrastructure schemes.

Design and advance works have been carried out for other T15 schemes but due to the consultation process, there are a number of schemes where construction has been delayed and will now be carried out in 2012/2013. These include Croxdale, South Road and Gilesgate Bank.

Housing Revenue Account Decent Homes – Actual Spend £36.622m

The Councils core housing programme is geared around modernising and refurbishing the Councils housing stock. The 2011/2012 budget is supported with £18.6m of Decent Homes Funding and £11.7m of Major Repairs Allowance. Our three housing management providers have made good progress on refurbishing our dwelling stock and some 2,500 properties have been brought up to the decent homes standard.

Housing Regeneration (Demolitions) – Actual Spend £0.758m

This work is being undertaken by the Housing Renewal Team. The Esh Winning and Wheatley Hill acquisition and demolition programmes have continued, however further work will now be required within 2012/13 in order to commence the process of acquiring several properties.

New Build – Actual Spend £4.356m

Greenside Place, Crook consists of 17 Affordable 2 and 3 Bedroom houses. The scheme is now completed and all of the properties have been let to local people through a local lettings policy. Grant has been received from the HCA to assist in the delivery of the scheme.

Park Avenue Close, Crook is a scheme of 46 Apartments and 4 Bungalows. As of the 1st April a total of 36 units have been completed with the remaining units being scheduled for completion in June 2012. Grant has been drawn down for the full scheme.

Economy and Enterprise Overview and Scrutiny Committee

24 September 2012



Regeneration and Economic Development Service – Quarter 1 Revenue and Capital Forecast Outturn 2012/13

Joint Report of Corporate Director – Regeneration and Economic Development and Corporate Director - Resources

Purpose of the Report

1. To provide details of the forecast outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget based on the position to the end of June 2012.

Background

2. County Council approved the Revenue and Capital budgets for 2012/13 at its meeting on 22 February 2012. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following three major accounts maintained by the RED service grouping:
 - *RED Revenue Budget - £42.976m (original £42.513m)*
 - *Housing Revenue Account - £61.111m*
 - *RED Capital Programme – £99.823m (original £89.571m)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Transfer of range of subscriptions budget to Resources -£122k
 - Reduction in democratic recharge income of £16k
 - Capital charges increase of £17k
 - Carbon Reduction Commitment allowances £13k
 - Increased central support recharges of £653k linked to transfer of assets budgets from Resources into RED
 - Transfer support recharge for County Durham Development Company to Resources following in-house merger -£114k .

The revised General Fund Budget now stands at £42.976m.

4. The summary financial statements contained in the report cover the financial year 2012/13 and show: -
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the RED revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The service is reporting a **£0.100m** cash limit underspend against the revised annual budget of **£42.976m**.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
	(a)	(b)	(c)	(d)=(c-a)	(e)	(d)+(e)
Employees	26,956	7,734	26,927	-29	-209	-238
Premises	2,908	445	2,682	-226	0	-226
Transport	1,423	281	1,339	-84	0	-84
Supplies and Services	9,486	1,762	9,657	171	-505	-334
Agency and Contracted	19,710	3,842	19,685	-25	0	-25
Transfer Payments	200	12	200	0	0	0
Central Costs	8,619	27	8,620	1	0	1
GROSS EXPENDITURE	69,302	14,103	69,110	-192	-714	-906
INCOME	-26,326	-4,765	-25,520	806	0	806
NET EXPENDITURE	42,976	9,338	43,590	614	-714	-100

Analysis by Head of Service

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
	(a)	(b)	(c)	(d)=(c-a)	(e)	(d)+(e)
Strategy Programmes Performance	1,796	1,137	1,795	-1	-37	-38
Economic Development & Housing	6,992	1,255	7,547	555	-550	5
Planning & Assets	6,540	1,486	6,441	-98	-127	-225
Transport & Contracted	18,366	3,699	18,526	160	0	160
Central Managed Costs	9,282	1,761	9,280	-2	0	-2
NET EXPENDITURE	42,976	9,338	43,590	614	-714	-100

7. The table below provides a brief commentary on the variances against the revised budget, analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. concessionary fares, ER/VR costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend	
Strategy Programmes Performance (SPP)	SPP	Vacant posts - vacancy freeze	(19,000)	(38,000)	
	Funding and Programmes	Vacant posts - vacancy freeze	(19,000)		
Economic Development & Housing	Head of Economic Development	Minor underspend on Employee costs	(1,529)	5,445	
	Physical Development	Overspend on Employee costs due to unachieved 3% turnover	48,505		
	Visit County Durham	Overspend on Employee costs due to unachieved 3% turnover	23,751		
	Business Durham	Overspend on Employee costs due to unachieved 3% turnover	19,958		
			£439k overspend on Netpark Grow on Space development		439,384
			£439k use of reserves to fund the Netpark Grow on Space overspend		(439,384)
	Economic Development	Underspend due to vacant Community Ec Dev officer and admin officer	(39,312)		
	Housing Solutions	No variances forecast at present	0		
Housing Regeneration	Underspend on Employee costs due to 2 staff being on maternity leave and 2 staff working reduced hours	(45,928)			
Spatial Policy, Planning Assets & Environment (SPPAE)	Head of SPPAE	Agreed overspend on Area of Outstanding Natural Beauty (AONB) contributions underpaid previous year	2,104		
	Spatial Policy	Overspend on Employee costs due to having to advertise externally for Spatial Policy Team Leader post	4,056		
	Development Management	£236k over achieved income partly due to statutory increase of 15% from November 2012 £20k underspend on Transport costs £38k Underspend on Area of Blight works £46k Underspend on printing budget £47k underspend on advertising £40k overspend on IT Software until single planning system is implemented £20k overspend on compensation payments to applicants £14k underspend on various other supplies	(341,106)		
	Building Control	£200k under achieved income on fees, however may be reduced later in the year due to the Hitachi development, offset by: £15k underspend on Transport costs £21k underspend on structural calculation costs	87,439		

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
		£50k underspend on Dangerous Structures £27k underspend on various other supplies		
	Conservation and Design	£24k underspend on Employee costs due to vacant Senior Design & Conservation Officer post £4k Underspend on supplies and services	(28,779)	
	Archaeology	overspend due to reduced sales	2,300	
	Landscape	£7k overspend on Employees £4k overspend on Agency Costs	11,773	
	Ecology	Underspend on external fees not required in year	(13,130)	
	Sustainability	No major variances	(575)	
	Heritage Coast	No major variances	(3,898)	
	Assets - Asset Management	£111k underspend on Employee costs due to 2 staff on maternity leave, 1 employee on reduced hours and vacancies until restructure of service in October 12	(111,730)	
	Assets - Property Management	£46k under achieved income relating to empty shops at Newgate Street, Bishop Auckland £36k under achieved income relating to Brackenhill Centre vacated by East Durham College April 12 £6k under achieved income relating to Thornley Surgery vacated by Durham City Homes	86,901	
	Assets - Millenium Square / Fowlers Yard	Under achieved income relating to Millenium Square where units are being occupied by DCC services	79,860	(224,785)
Transport	Strategic Traffic	Employees - Anticipated extra spend on agency cover for statutory duties due to sickness within the service	40,000	
	Concessionary Fares	Supplies & Services - Overspend due to the 5yr renewal of bus passes	120,000	
	Parking Services	Income - Parking Services anticipated commencing a new contract for parking enforcement for the South of the County in October 2012. This is not now expected to happen and will, therefore, be a budget pressure on income. However, parking enforcement in the North of the County is performing better than expected.	0	160,000
Central	Central Costs	Minor saving in supplies costs and roundings	(3,000)	(3,000)
TOTAL				(100,340)

8. The following is a breakdown of items outside of the cash limit (in £'000):

● Redundancy costs to be met from strategic reserve	84
● Time limited posts in strategy and programmes funded from reserves	37
● Expenditure on local development framework to be funded from Planning reserve	127
● Expenditure on the international school games to be funded from the International Relations reserve	17
● Time limited post for a project support officer supporting the Gospels exhibition to be funded from the Durham City Vision reserve	23
● Employee costs for the Strategic Housing manager to be funded from the Growth Point reserve	63
● Expenditure on Apprenticeship subsidy payments to be funded from cash limits	100
● Expenditure on Visit County Durham festival and events to be funded from cash limits	50
● Expenditure on Visit County Durham's transitional costs to be funded from the Regeneration reserve (former ABG)	163
● Expenditure on the Future Business Magnates scheme and Visit County Durham place marketing to be funded from the Performance Reward Grant reserve	69
● Additional income from the work programme scheme to be added to the Durham Employability & Training reserve	(20)
	714

9. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the MTFP savings required in 2012/13 which amount to £2.5m.

Revenue – Housing Revenue Account (HRA)

10. The Council is responsible for managing the HRA which is concerned solely with the management and maintenance of the Council's housing stock of around 19,000 dwellings. The HRA comprises the housing stock inherited from former Easington, Wear Valley and Durham City councils. Two arms length management organisations (ALMOs) have been established to manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.

11. The table in **Appendix 2** shows the forecast outturn position on the HRA showing the actual position compared with the original budget. In summary it identifies a balanced outturn position on the revenue account after using a projected surplus of £1,009k towards the capital programme.

Housing Revenue Account	Budget £'000	Forecast Outturn £'000	Variance £'000
Income			
Dwelling Rents	(60,115)	(60,265)	(150)
Other Income	(1,051)	(1,291)	(240)
Interest and investment income	(115)	(115)	0
	(61,281)	(61,671)	(390)
Expenditure			
ALMO Fees	17,266	17,266	0
Repairs, Supervision and Management Costs	11,678	12,037	359
Negative Subsidy Payment to CLG	0	(94)	(94)
Depreciation	17,158	17,158	0
Interest Payable	12,234	11,350	(884)
Revenue contribution to capital programme	2,922	3,931	1,009
	61,258	61,648	390
Net Position	(23)	(23)	0

12. In summary, the main variances with the budget are explained below and relate to the figures and corresponding notes shown in **Appendix 2**:

- a) **Dwelling Rents £150k additional income** – this results from reduced volume of Right to Buys in the current year which means that rental income continues to be received for properties assumed would be disposed;
- b) **Contribution towards Expenditure £240k additional income** – this is in respect of the receipt of NWA Water Commission Charges and the receipt of administration charges from furniture packs (not previously budgeted for) at Durham City Homes
- c) **Repairs & Maintenance £382k overspend** – this is attributable to a higher than anticipated demand for repairs;
- d) **HRA Subsidy £94k underspend** – this is a refund due to the Council resulting from Housing Subsidy payments made to the DCLG in 2011/12;
- e) **Interest Payments £884k underspend** – this results from a lower interest rate and lower Outstanding Loan Debt than originally anticipated.
- f) **Revenue Support to Capital £1,009k surplus** – the balancing item on the HRA which identifies the potential resources available to support the capital programme and reduce our reliance on borrowing.

Volatility Reporting (Risk Based Reporting)

13. There are certain budgets, both income and expenditure, that can be volatile in nature and require close scrutiny throughout the year. These include budgets that are subject to external demand beyond the immediate control of the Council and also include income which can be affected by economic pressures. Efforts are specifically directed at these areas, which pose the greatest financial risk to budget management and managing our cash limits effectively.

14. The following items currently form part of the 'volatility' reporting framework and the outturn position on these for the RED Service Grouping is as follows:

Cost Centre	Description	2012-13 Budget £'000	2012-13 Forecast Outturn £'000	Variance £'000	Status
Development Control	Planning Fees	-1,654	-1,890	-236	GREEN
Building Control	Building Control Fees	-1,100	-900	200	RED
Concessionary Fares	Contract Payments	11,350	11,350	0	GREEN
Bus Contracts	Contract Payments	4,141	4,141	0	GREEN
Business Space	Rental Income & Sales	-2,561	-2,561	0	GREEN
Housing Repairs	Repairs and Maintenance	4,102	4,484	382	RED

15. The volatility status indicates the expected outturn on the specific budget head, with red indicating that the target is not being achieved, amber indicating that the target is not being achieved but the overall variance is within acceptable tolerances and green indicating that the target is being achieved or exceeded.
16. The key concern at this stage continues to be a shortfall in income from the building control function in the planning service and a projected overspend on housing repairs within Durham City Homes.

Capital Programme

17. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 200 schemes managed by around 40 project delivery officers.
18. The Regeneration and Economic Development capital programme was revised at Outturn for budget rephased from 2011/12 and Assets budgets transferred from the ACE service grouping. This increased the 2012/13 budget to £113.218m. A report to the MOWG in July detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£100.573m** - consisting of **£54.829m** for General Fund and **£45.744m** for the HRA. The following changes have been made to the original budget:

Grant Additions/Reductions and Transfers with Other Services - £11.848m increase

- Assets-Structural Capitalised Maintenance & Office Accommodation - £6.427m increase
- Assets-Woodham Community Technical College - £0.750m increase
- Gypsies & Travellers (HCA Grant) -£2.080m increase
- Housing Renewal Programme (DFG Grant) -£2.340m increase
- Office Accommodation (AWH contribution to Crook CAP) - £0.450m increase
- Stanhope & Middleton TBIG - £0.038m increase

- ACE contributions to URRI, LTP & Housing Renewal Programme - £0.022m increase
- URRI - £0.078m increase
- Drum Public Art - £0.024m decrease
- HRA Housing Regeneration - £0.313m reduction

Reprofiled Budgets - £0.846m reduction

There have been increases in budgets from resources rephased from 2011/12 at outturn and decreases from budgets recently rephased to 2013/14 onwards. The net effect of these changes are:

- Barnard Castle Vision - £0.534m increase
- Durham City Vision - £0.950m increase
- St John's Square - £0.451m increase
- Durhamgate - £0.340m reduction
- NETPark - £0.029m reduction
- Town Centres - £0.300m increase
- North Dock - £0.600m increase
- Industrial Estates - £0.646m increase
- Durham City Plus - £0.177m reduction
- Housing Renewal Programme - £0.856m increase
- CCTV - £0.333m increase
- Gypsy Traveller Sites - £3.732m reduction
- DFG/FAP - £0.669m increase
- Office Accommodation - £0.274m increase
- Energy Efficiency Schemes - £2.033m reduction
- URRI - £0.593m increase
- Transit 15 - £1.831m reduction
- Major Transport Schemes - £0.453m reduction
- Local Transport Plan - £0.116m increase
- East Durham Rail Station - £0.045m increase
- Transport Corridors - £0.320m reduction
- Structural Capitalised Maintenance - £0.114m increase
- Minor Schemes - £2.023m increase
- HRA – Durham City Homes - £0.465m increase
- HRA – East Durham Homes - £0.080m increase
- HRA - Housing Regeneration - £1.210m reduction
- HRA – New Build - £0.230m increase

19. Summary financial performance to the end of June is shown below.

Service	Original Annual Budget 2012/13 £000	Revised Annual Budget 2012/13 £000	Actual Spend to 30 June £000	Remaining Budget £000
General Fund	43,079	54,829	5,462	49,367
HRA	46,492	45,744	5,716	40,028
Total	89,571	100,573	11,178	89,395

20. Actual spend for the first three months amounts to **£11.178m** – consisting of **£5.462m** for the General Fund and **£5.716m** for the HRA. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.
21. It is anticipated that the outturn spend will be in line with the revised budget. At year end the actual outturn performance will be compared against the revised budget and service and project managers will need to account for any budget variance.

Recommendations:

22. The Committee is requested to note the contents of this report.

Contact: Azhar Rafiq – Finance Manager
Tel: 03000 263 480

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position for 2012/13.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: 2012-13 Housing Revenue Account

	2012/13 Budget	2012/13 Forecast Outturn	Variance	
	£000	£000	£000	
Income				
Dwelling Rents	(60,115)	(60,265)	(150)	a
Non Dwelling Rents: – Garages	(899)	(899)	0	
– Shops/Other	(96)	(96)	0	
Charges for Services and Facilities	(56)	(56)	0	
Contributions towards Expenditure	-	(240)	(240)	b
Total Income	(61,166)	(61,556)	(390)	
Expenditure				
ALMO Management Fee	17,266	17,266	0	
Repairs and Maintenance	4,117	4,499	382	c
Supervision and Management - General	4,323	4,284	(39)	
Supervision and Management - Special	549	565	16	
Rent, Rates, Taxes and Other Charges	100	100	0	
Negative HRA Subsidy Payable to CLG	0	-94	(94)	d
Depreciation and Impairment of Fixed Assets	17,158	17,158	0	
Bad Debt Provision and Debts Written Off	916	916	0	
Debt Management Costs	186	186	0	
Total Expenditure	44,615	44,880	265	
Net Cost of HRA Services per I&E Account	(16,551)	(16,676)	(125)	
Share of Corporate and Democratic Core	1,085	1,085	0	
Share of Other Costs Not Allocated to Specific Services	402	402	0	
Net Cost of HRA Services	(15,064)	(15,189)	(125)	
Interest Payable and Similar Charges	12,234	11,350	(884)	e
Direct Revenue Financing (Contribution to Capital)	2,922	3,931	1,009	f
Interest and Investment Income	(115)	(115)	0	
(Surplus)/Deficit for Year	(23)	(23)	0	
HRA Reserves	7,821	7,821	0	
Stock Options Reserve	60	0	60	
Durham City Homes Improvement Plan	400	400	0	
Capital Reserve	2,000	0	2,000	

Appendix 3: RED Capital Programme 2012-13

	Revised Annual Budget £000	3 Month Profiled Budget (1) £000	Actual Spend to 30 th June £000	Remaining Budget £000
General Fund				
Economic Development & Housing				
Barnard Castle Vision	3,399	566	44	3,355
North Dock Seaham	701	117	177	524
Durham City Vision	1,251	208	159	1,092
St John's Square	295	49	(286)	581
Durhamgate	460	460	1,941	(1,481)
Town Centres	2,402	400	86	2,316
Industrial Estates	4,739	790	65	4,674
Durham City Plus	-	49	28	(28)
Disabled Facilities Grants/FAP ⁽²⁾	5,209	868	383	4,826
Office Accommodation	3,153	525	131	3,022
Housing Renewal Programme	4,030	672	932	3,098
Travellers Sites – General	502	84	(31)	533
CCTV	683	114	48	635
Planning & Assets				
Energy Schemes	2,550	425	467	2,083
URRI Programme	718	239	436	282
Structural Capitalised Maintenance	9,398	-	-	9,398
Woodham Community Technical College	750	-	-	750
Transport				
Transit 15	1,250	208	43	1,207
Major Schemes	2,437	406	38	2,399
Local Transport Plan	4,028	671	689	3,339
Transport Corridors	900	150	-	900
Minor Schemes				
	5,974	112	112	5,862
General Fund Total	54,829	7,113	5,462	49,367
Housing Revenue Account				
Durham City Homes	8,965	1,494	1,596	7,369
East Durham Homes	29,080	4,847	2,588	26,492
Dale and Valley Homes	5,580	1,395	771	4,809
New Build II: Wear Valley	1,149	383	665	484
Housing Demolitions & Regeneration	970	161	96	874
Housing Revenue Account Total	45,744	8,280	5,716	40,028
RED Total	100,573	15,393	11,178	89,395

(1) Updated profiled budgets are being prepared to reflect slippage but for the time being the budget has been profiled pro rata (equally over 12 months)

(2) Financial Assistance Programme

**Economy and Enterprise Overview
and Scrutiny Committee**

24 September 2012



**Adult Learning Strategy: 'Learning
for Skills, Learning for
Life 2011 – 2013'**

**Joint Report of Lorraine O'Donnell, Assistant Chief Executive and
Rachael Shimmin, Corporate Director Children and Adult Services**

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the development of the Adult Learning Strategy within County Durham prior to an overview presentation.

Background

- 2 Members will recall that as part of the 'Increasing young people's employment opportunities 18-24' Scrutiny Review written evidence was provided in relation to the key messages, priorities and the delivery of the Adult Learning Strategy within County Durham.
- 3 In addition, at the Economy and Enterprise Overview and Scrutiny Committee on the 29 March 2012 a refresh of the work programme for 2012 – 2014 was considered within the context of the 'Altogether Wealthier' priority theme of the Council Plan 2012 – 2016. As a result of this refresh, it was agreed by members that an overview of the development of the Adult Learning Strategy within County Durham would be included within the Committee's current work programme for 2012-2014.
- 4 In 2010 a review of the Council's Adult Learning Service was undertaken by the National Institute of Adult Continuing Education (NIACE). It identified a number of strengths of the Adult Learning Service (ALS), in particular the provision of an excellent skills for life and family learning programme and a number of weaknesses, such as its management arrangements and the absence of clear priorities and strategic direction for adult learning.

Adult Learning Strategy

- 5 As a result of the findings of the review the Adult Learning Strategy has been developed to shape the new Adult Learning and Skills Service (ALSS), its priorities, delivery mechanisms and strategic direction. The Strategy also aims to give some strategic direction to and gain support from the Service's learning partners both within the Authority as well as Further Education and third sector providers across County Durham.

- 6 The Strategy for Adult Learning is to deliver and commission learning and skills for adults over 19 for County Durham in line with the priorities identified in paragraph 9. Whilst it considers the Skills Funding Agency (SFA) funded delivery, there is a need for clear linkages with Department of Work and Pensions (DWP) and other funding sources. It is a Strategy for Durham County Council, but the intention is that it will be the starting point for a wider County wide strategy, adopted by partners and potential providers. The Strategy will bring about a restructure of the service to ensure it is focused on the identified priorities, with a modern curriculum and a leaner, flexible staffing structure.
- 7 The Strategy will have as its focus the implementation of the SFA funded activity, through the Adult Learning Service in Children and Adult Services and in Regeneration and Economic Development and through other providers working on the Council's behalf with some Adult Learning delivered by colleges, the third sector and by social enterprises.
- 8 The County Durham Economic Assessment has identified the County's priority areas of learning, which in the main reflect the national priorities. Therefore in Durham we have developed a programme of Adult Learning which reflects these priorities, whilst also delivering a locally sensitive curriculum focusing on specific local needs for example in literacy and numeracy.
- 9 The Adult Learning service's strategic priorities are:
 - Literacy and numeracy training.
 - First full Level 2 qualifications and a first full level 3 for 19-25 year olds.
 - Training for learners with learning difficulties and disabilities.
 - Training support for the unemployed.
 - Informal adult learning to engage the low-skilled learner.
 - Level 4 qualifications.
 - Progression of learners.
- 10 It is important that the Strategy is seen in the context of the wider skills agenda in the local economy which is led by the County Durham Economic Partnership (CDEP) through the Employment and Skills Executive Group. The Strategy has been presented to this group and the implementation of the Strategy and its corresponding action plans will support the delivery of the County's Economic Assessment People Implementation Plan.

Current position

- 11 The Adult Learning Service strategic policy laid out 11 key actions to complete during the time of the strategy, of which 10 have been implemented. Currently, 8 of those which were implemented are now being evaluated and reviewed, as part of a quality continual improvement process. The action to develop an Adult Learning Commissioning and Franchising framework for learning is nearly complete. It has been developed and is now awaiting approval before implementation.

- 12 The ALSS has worked effectively with external organisations to develop the delivery of its programme. External organisations such as Matrix, OfSTED and the Learning and Skills Improvement Service (LSIS) have reviewed the service and provision and have given good feedback on progress made.
- 13 The academic year from 1 August 2011 to 31 July 2012 has seen the service undergo major restructure and change yet it has still continued to engage into learning over 11,000 residents of County Durham. The majority of these learners were on courses linked to employability skills and apprenticeships.
- 14 One of the major achievements undertaken by the service in this academic year is the opening of the funding envelope for 16-18 Apprenticeship for the authority's Skills Funding Agency (SFA) contract. Following the production of a robust business case this part of the SFA grant now stands at £75,000, work has been undertaken with the Improving Progression Partnership in order to begin to maximise and grow this contract.
- 15 During early 2012 the service reviewed its current structure and has entered into another restructure to ensure the service can maintain its delivery and commitment to external funding organisations, whilst contributing a saving to the medium term financial plan. This was completed by the end of August 2012 and the service reformed as one team moving to Crook Civic Centre in early September.

Recommendation

- 16 That the Economy and Enterprise Overview and Scrutiny Committee note the information provided in the presentation and receive a further update on the development of the Strategy at a future meeting.

Background Papers

Cabinet Report – 2 March 2011 – Adult learning Review - Strategy.
Economy and Enterprise OSC – 29 March 2012 – Refresh of the Work Programme 2012 - 2014.

Contact:	Feisal Jassat	
Tel:	0191 383 3506	E-mail: feisal.jassat@durham.gov.uk
Author:	Diane Close	
Tel:	0191 383 6506	E-mail: diane.close@durham.gov.uk

Appendix 1: Implications

Finance – Funding is reduced and this will impact upon the level of provision possible.

Staffing – There have been staffing implications as the service has undertaken a restructure.

Risk – There are risks around the level of provision possible given the levels of funding available.

Equality and Diversity – An impact assessment has been undertaken as part of the MTFP.

Accommodation – Premises for adult learning are being reviewed.

Crime and Disorder – None

Human Rights – None

Consultation – Consultation on changes to staffing structures have been undertaken.

Procurement – Commissioning arrangements have been made for the services that will not be directly provided by the Adult Learning and Skills Service.

Disability Discrimination Act – None

Legal Implications – None

**Economy and Enterprise
Overview and Scrutiny
Committee**



24 September 2012

**Update on the development of
the Tourism offer within County
Durham**

**Joint Report of Lorraine O'Donnell, Assistant Chief Executive and
Melanie Sensicle, Chief Executive, Visit County Durham**

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with information on the development of the tourism offer within County Durham prior to the discussion with Melanie Sensicle, Chief Executive, Visit County Durham.

Background

- 2 County Durham has had a Tourism Management Plan since 2006. It was compiled by Visit County Durham in collaboration with the County's Tourism Industry and a range of partners, including the County Council and the District Councils, and became the blue print for development of the visitor economy in the County. The Plan was based on a series of studies that provided intelligence about the County's product, its customers and its competitive position in England and the UK as well as significant input from across the County.
- 3 The Plan has been refreshed annually since 2006 in the light of new intelligence including Visitor Surveys in 2008 and 2010, annual Economic Impact Surveys, a major Customer Segmentation Study in 2007, a major study into the image and identity of the County to external audiences and benchmarking at a national level through Destination Performance UK.
- 4 The Durham Tourism Management Plan (DTMap) is developed and monitored by the board of Visit County Durham. It has also been the subject of several presentations and discussions at previous meetings of the Economy and Enterprise Overview and Scrutiny Committee.

Current position

- 5 In November, 2011 Visit County Durham embarked on a programme of work designed to track progress against the original objectives of the Durham Tourism Management plan, test the existing objectives and the approach to each to see if they were still valid and to discover if any new priorities had emerged since 2006. The consultation took the form of an industry conference in November 2011, a series of presentations and discussions with relevant organisations and forums and a conference on rural tourism in March 2012.
- 6 Members will recall that as part of the recent refresh of the work programme for the Economy and Enterprise Overview and Scrutiny Committee for 2012 – 2014, it was identified that an overview be provided of the development of the tourism offer within County Durham.
- 7 Quarter 4 performance information presented to the Economy and Enterprise Overview and Scrutiny Committee on the 6 July 2012 showed a 7% increase in people engaged in cultural events in July, 2011 (56,138 people engaged) with 90% of users feeling that the cultural events were good or very good. Quarter 4 performance data also highlighted that the number of tourism businesses supported/engaging with Visit County Durham had increased significantly since the beginning of the year from 37 in quarter one to 140 in quarter four, bringing the annual total to 358.
- 8 In addition, Visit County Durham has generated over £5 million of positive coverage for the destination in regional, national and international media titles, on and off-line and generated almost half a million unique visitors to the destination website, thisisdurham.com. The volume and value figures for tourism continue on an upward trend with the value of tourism rising to over £700m per annum in 2011 and the jobs supported by the sector to over 11,000.
- 9 The refreshed DTMap was agreed by Cabinet at the meeting on the 30 May 2012 and it was thought timely that the Economy and Enterprise Overview and Scrutiny Committee receive an overview of the development of the tourism offer within County Durham. The discussion on the 24 September 2012 will focus upon the following:
 - The vision for County Durham.
 - Durham visitor economy priorities.
 - County Durham's Tourism offer including the Lumiere Festival and the Lindisfarne Gospels.
 - Gaps and challenges with the County Durham visitor offer.
 - Next steps.

Recommendations

- 10 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note the information provided during the discussion.
- 11 That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the tourism offer in County Durham at a future meeting of the Committee.

Background Paper(s)

Cabinet Report – 30 May 2012 – Durham Tourism Management Plan – 2012-2016.
Durham Tourism Management Plan – 2012-2016.
Economy and Enterprise OSC – 6 July 2012 – Quarter 4 Performance report.

Contact:	Feisal Jassat	
Tel:	0191 383 3506	E-mail: feisal.jassat@durham.gov.uk
Author:	Diane Close	
Tel:	0191 383 6506	E-mail: diane.close@durham.gov.uk

Appendix 1: Implications

Finance – None

Staffing – None

Risk – None

Equality and Diversity – None

Accommodation - None

Crime and Disorder – None

Human Rights – None

Consultation – The Durham Tourism Management Plan (DTMap) was heavily influenced by visitor market intelligence and also went through a comprehensive consultation process with the relevant stakeholders.

Procurement – None

Disability Discrimination Act –None

Legal Implications – None

**Economy and Enterprise Overview
and Scrutiny Committee**

24 September 2012



**The Refresh of the Regeneration
Statement, the County Durham
Infrastructure Delivery Plan and the
Community Infrastructure Levy**

**Joint Report of Lorraine O'Donnell, Assistant Chief Executive and
Ian Thompson, Corporate Director, Regeneration and Economic
Development**

Purpose of the Report

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background information in relation to: the refresh of the Regeneration Statement; the County Durham Infrastructure Delivery Plan and the Community Infrastructure Levy (in the context of the County Durham Plan) prior to receiving an overview presentation.

Background

- 2 As part of the recent refresh of the work programme for the Economy and Enterprise Overview and Scrutiny Committee for 2012 – 2014, it was identified by members that an overview would be provided in relation to the areas identified above. In addition, this would provide members with an opportunity to participate in the ongoing consultation focusing on the Community Infrastructure Levy.
- 3 It was thought timely for members to receive the overview presentation at the Committee meeting on the 24 September 2012 as this would 'set the scene' prior to the Overview and Scrutiny workshop focusing on the Preferred Options stage of the County Durham Plan arranged for the 4 October 2012 at 10.00 am. Members and Co-optees will recall that Overview and Scrutiny workshops have previously been arranged allowing members the opportunity to participate in the various consultation stages in the development of the Plan (Issues and Options 2010, the development of the Core Strategy 2011). The workshop on the 4 October 2012 will provide Overview and Scrutiny Committee members and Co-optees with the opportunity to comment upon the Preferred Options stage of the County Durham Plan. The comments made will then be fed into the ongoing consultation process.

Refresh of the Regeneration Statement

- 4 The County Durham Regeneration Statement was developed in 2009 and underpins the 'Altogether Wealthier' theme of the Sustainable Community Strategy for County Durham. It sets an integrated economic development, planning, housing and transport policy framework for County Durham and outlines the County Durham Economic Partnership's approach to delivering its ambitions. The Statement specifies the spatial, social and economic priorities over the coming years whilst recognising the tough economic climate that still exists and the altered landscape of economic development and regeneration.
- 5 Three years on, following the experience and evidence gained, a refreshed Regeneration Statement was agreed by Cabinet at the meeting on the 24 July 2012. The Statement identifies the key issues facing the County include an underperforming local economy and high unemployment. The achievement of the pre-recession employment rate will require a substantial level of private sector employment growth to replace and exceed the level of jobs lost through the economic downturn and public sector contraction.
- 6 In addition, the refreshed Statement suggests how these issues can be tackled through a partnership approach continuing to invest in opportunities across the County and capitalising on strengths including Durham City and Hitachi locating at Newton Aycliffe, aligning activity and leveraging private sector investment, to deliver the aims and objectives outlined in this Statement, to tackle the key issues facing the County. By building on and investing in our major assets, alongside complementary interventions this will release the County's potential for growth and connect areas of growth with deprived areas in need of regeneration. By following a phased approach across the County, utilising these opportunities we will be able to deliver the greatest impact for each locality and the whole of the County, using the resources available to us to best effect. Through a partnership approach we will:
 - Lift constraints on development and stimulate investment in the economic infrastructure needed to increase economic activity and wealth.
 - Capitalise on Durham City's business and tourism potential to drive forward economic growth for County Durham.
 - Invest in our major towns, continuing with our 'Whole Town' approach.
 - Drive forward the delivery of new homes with the right mix of services to support growth aspirations.
 - Improve the range of choice and standard of existing public and private housing.
 - Invest in our human capital as a direct contributor to growth.
 - Address the needs of our most vulnerable residents, mitigating the impact of welfare reform.

- 7 One of the first main steps to deliver the refreshed Regeneration Statement will be to refresh the Altogether Wealthier Delivery plan to accompany the Statement. The plan will demonstrate what partners will do and how this will help achieve the ambition, to shape a County Durham where people want to live, work, invest and visit whilst enabling our residents and businesses to achieve their potential.

County Durham Plan

- 8 The County Durham Plan seeks to guide the future development of County Durham to improve the lives of its existing and future residents. It is therefore a Plan that seeks to meet the differing needs of our communities. The Plan sets the policy framework for the next 20 years to support the development of a thriving economy in County Durham while at the same time protecting those things that are important to us all. With improved economic performance central to the Plan, it identifies a number of sites for new employment, new housing and new infrastructure to accommodate the growth needed to achieve these ambitions.

County Durham Infrastructure Delivery Plan and Community Infrastructure Levy

- 9 The County Durham Infrastructure Delivery Plan (IDP) identifies existing and future infrastructure deficiencies that need to be addressed if the County Durham Plan's vision for growth is to be achieved. It also shows how, when and where the Council and its partners will address these deficiencies. The IDP is based on the most up to date information (as at spring 2012), including committed sources of funding from internal and external partners, in a financial schedule which reflects continuous dialogue between the Council's Planning and Assets Service and infrastructure providers. The financial schedule will be reviewed when required to reflect changing economic circumstances and priorities.
- 10 The partnerships and relationships that have formed during the preparation of the IDP ensure it is as accurate as possible and mean the ambitions and site allocations included in the County Durham Plan influence partner's future investment programmes.
- 11 The IDP identifies a gap between the actual planned investment in infrastructure and the total amount needed to deliver the County Durham Plan which justifies the introduction of a Community Infrastructure Levy (CIL).
- 12 The CIL Regulations came into force on the 6 May 2010 and give local authorities the option of charging a levy on new development. The CIL ensures that most new development makes a proportionate and reasonable financial contribution to delivering the infrastructure identified in the IDP.

- 13 The amount of CIL that is charged must be justified by viability evidence, principally using site appraisals for different types of development such as housing and retail. This evidence must show that the level of CIL being charged is not so high that it would prevent a site from being developed.
- 14 Due to different land values and market conditions across the County the viability evidence indicates that different levels of CIL can be charged in different areas. The three areas that have been identified are a zone to the north west of Durham City which includes the proposed strategic housing sites of Sniperley Park and North of Arnison, a zone for the rest of the Durham City area and Chester-le-Street and a zone of the rest of the County.
- 15 The CIL Draft Charging Schedule will be widely circulated for public consultation (together with the County Durham Plan) from September 10th until the 2nd November 2012 with the final Charging Schedule to go to Cabinet in June 2013 followed by publication and a final round of public consultation. A public examination will follow in spring 2014 with final adoption in summer 2014.

Recommendations

- 16 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note the information provided during the presentation and comment upon the Infrastructure Delivery Plan and the proposed Community Infrastructure Levy (CIL).
- 17 That the comments made by the Economy and Enterprise Overview and Scrutiny Committee members are fed into the ongoing consultation process on the Preferred Options stage of the County Durham Plan as the response from Overview and Scrutiny.

Background Papers

Cabinet Report – 24 July 2012 - County Durham Regeneration Statement 2012.
 Cabinet Report – 24 July 2012 – County Durham Infrastructure Delivery Plan and Community Infrastructure Levy – Draft Charging Schedule.

Contact:	Feisal Jassat	
Tel:	0191 383 3506	E-mail: feisal.jassat@durham.gov.uk
Author:	Diane Close	
Tel:	0191 383 6506	E-mail: diane.close@durham.gov.uk

Appendix 1: Implications

Finance -The Regeneration Statement outlines the approach for investment which includes Durham County Council's capital programme.

The IDP contains a financial schedule for projects listed within the document; the financial information contained within the document has been developed by the internal and external stakeholders.

The Council will need to introduce an appropriate mechanism for collecting and spending CIL funds.

Staffing -The Regeneration Statement shapes delivery as articulated through the operational planning framework.

Existing staff will need to administer and enforce the collection of CIL payments.

Risk – Opposition to the alterations to the Green Belt, setting the most appropriate CIL rate that does not prevent development but still contributes to community infrastructure, the Council does not comply with the duty to co-operate with neighbouring local authorities and statutory consultees, inability to prove that proposed development sites are economically viable and attractive to investors.

Equality and Diversity - Equality and diversity principles have been an integral of policy development in relation to the Regeneration Statement. Detailed Equality Impact assessments have been and will be carried out for individual strategies or projects.

In relation to the IDP detailed Equality Impact assessments will be carried out for individual projects.

Accommodation - None

Crime and Disorder - None

Human Rights - None

Consultation - The Regeneration Statement has been consulted upon through the CDEP.

The IDP has been prepared in conjunction with the internal and external stakeholders and will be part of the wider public consultation exercise in relation to the County Durham Plan.

The CIL charge setting process has been informed by extensive consultation with stakeholders and will be part of the wider public consultation exercise for the County Durham Plan.

Procurement - None

Disability Discrimination Act - None

Legal Implications - There will be legal implications with the setting, collection and enforcement of CIL receipts.

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