



**Economy and Enterprise  
Overview and Scrutiny Committee**

**Date** Monday 19 November 2012  
**Time** 10.00 am  
**Venue** Committee Room 2 - County Hall, Durham

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**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 24 September 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. Forecast of Revenue Outturn Quarter 2, 2012/13: (Pages 13 - 24)  
Joint Report of the Corporate Director of Regeneration and Economic Development and Corporate Director of Resources – Presented by Azhar Rafiq, Finance Manager, Resources.
6. Business Support and the Role of Business Durham: (Pages 25 - 46)  
Report of the Corporate Director of Regeneration and Economic Development - presented by Stewart Watkins, Managing Director – Business Durham, Regeneration and Economic Development.
7. Masterplans for County Durham: (Pages 47 - 50)
  - (i) Joint Report of the Assistant Chief Executive and Corporate Director of Regeneration and Economic Development.
  - (ii) Presentation by Wendy Benson, Community Economic Development Manager and Chris Myers, Regeneration Projects Manager, Regeneration and Economic Development.

*P.T.O.*

8. Stock Options Appraisal Update: (Pages 51 - 56)  
Report of the Corporate Director of Regeneration and Economic Development – presented by Marie Roe, Housing Stock Option Manager, Durham County Council.
9. Minutes of the meeting of the County Durham Economic Partnership held 30 July 2012. (Pages 57 - 66)
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  
9 November 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 **Monday 24 September 2012 at 10.00 am**

**Present:**

**Councillor J Moran (Chair)**

**Members of the Committee:**

Councillors A Naylor, B Graham, J Hunter, P Jopling, J Rowlandson, P Stradling, Andy Turner, M Wilkes, M Williams and A Willis

**Co-opted Members:**

Mr T Batson, Mr A Kitching, Mr D Lavin and Mr P Robson (substituting for A Harrison)

**Apologies:**

Apologies for absence were received from Councillor(s) J Armstrong, B Arthur, A Barker, B Brunskill, C Carr, R Liddle, C Potts and Mrs O Brown, Mrs A Harrison and Mr JB Walker

**A1 Minutes**

The Minutes of the meeting held on 6 July 2012 were agreed by the Committee as a correct record and signed by the Chair.

**A2 Declarations of Interest**

There were no Declarations of Interest.

**A3 Items from Co-opted Members or Interested Parties, if any**

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 a "Meet the Buyer" event held for engineering firms and the Xcel Centre at Newton Aycliffe; the final phase of development at Consett Business Park being commenced, including retail development; the Council's Apprenticeship programme; a series of "Have your say" events regarding the Preferred Options stage of the County Durham Plan; and a boost for Tourism with Regional Growth Funding being awarded to Visit County Durham.

## **Resolved:**

That the presentation be noted.

## **A5 Quarter 1, 2012/13 Performance Management Report**

The Chair introduced the Performance and Planning Manager, Graham Tebbutt who was in attendance to speak to Members in relation to the Quarter 1, 2012/13 Performance Management Report (for copy see file of minutes).

The Committee were asked to note a slight amendment to the report style, with actions now being listed and coloured red, green and white, being not on target, on target and completed respectively.

Members noted that key achievements for the quarter included the proportion of East Durham Homes (EDH) properties not meeting decency criteria had reduced significantly as too had the proportion for Dale and Valley Homes (DVH). It was added that the proportion for Durham City Homes (DCH) had increased, albeit this had been at 0% and that the cycle of ongoing works to properties meant that the number would return back to 0% once works were completed. The Performance and Planning Manager added that the Stock Option Appraisal was on track, with the Committee being kept up to date by regular attendance by the Housing Stock Options Manager, Marie Roe. Councillors learned that the Service Plans for the Regeneration and Economic Development (RED) had been completed by the Heads of Service.

Councillors were asked to note the number of empty properties being brought back into use was still below target with 12 being brought back into use in the period April to June 2012, below the target of 17 and the number of private rented sector properties being improved as a consequence of Local Authority intervention was 163, less than the previous year's figure of 169.

Members noted that 9 actions from the Council Plan were behind target, with all those being under the remit of the RED Department. Councillors learned that that additional level of detail with the Service Plans developed by the Heads of Service had resulted in revisions to timescales as set out within the report. The Committee noted issues such as the planning application for the Police Headquarters site and the planning application for redevelopment at the former ice rink site at Freeman's Reach, revised dates for the completion being March 2017 and December 2015 respectively, given more thorough and details plans for these schemes. Councillors also noted that there were also revised dates for town centre sites, including Festival Walk at Spennymoor (September 2013), St. John's Square at Seaham (December 2012) and Whitham Hall at Barnard Castle (September 2013). The Performance and Planning Manager explained that the Local Transport Plan (LTP) capital schemes to improve accessibility between major towns had a revised date of March 2016 and the completion of public transport improvements along the 7 key transport corridors had been revised to March 2019.

Members noted that the scheme for expanding broadband connections in rural communities was being managed by the ICT Team and they had given a revised timescale of March 2016.

It was noted that the final action that was behind target was a European funded project targeting disadvantaged families that was scheduled for achieving target by December 2014, now delayed until March 2016. Members noted that the training would be given to Officers from the Family Intervention Project, Family Wise and Housing Solutions sections as well as various professionals and partners across the region in order to deliver the employment support programme.

The Performance and Planning Manager explained that a key RED Service Plan action was to increase developer confidence in County Durham as regards development of non council owned sites and the management of council owned sites and property which was due for refresh in July 2012. However, this has been delayed to late September 2012, with the Strategic Housing Assessment (SHA) to be completed shortly and the County Durham Plan (CDP) Preferred Options document having been reported to Cabinet and consultation ongoing.

Members noted the tracker indicator information as set out within the report with the main items being the increase in Job Seekers Allowance (JSA) claimants and the fall in the number of affordable homes being delivered. Councillors were reminded that the Government had signed the deal for the high tech rail assembly plant at Newton Aycliffe with Hitachi, which would lead to a number of direct jobs, construction work and jobs within the supply chain. It was added that the successful Lumiere event had been re-commissioned for 2013.

The Performance and Planning Manager asked Members to note that keys risks remained as loss of Area Based Grants (ABGs) and the impact should a programme of repairs to the Seaham North Dock Pier not be undertaken.

As regards the number of affordable homes being delivered, the Council's Principal Policy Officer, Peter Ollivere noted that while the Authority may ask for 20-30% affordable housing within a scheme, with current market conditions it is becoming difficult for developers to be able to deliver schemes with affordable housing in those amounts.

The Chair thanked the Performance and Planning Manager for his presentation and asked Members for their questions.

Members noted issues as regards work on town centres and high streets and the park and ride scheme. The Performance and Planning Manager explained that their were plans for regeneration for town centres, and specific high streets, however, there was little interest from the private sector, despite in several cases the physical appearance of "old" high streets having been improved, and in the cases where shopping areas were in private ownership. Members wondered whether out of town shopping may be contributing to the demise of high streets, citing the figures within the report regarding the number of empty properties on the high streets. In relation to the use of the number of passenger journeys recorded by the Park and Ride operator it was requested by Members as to whether a target could be set for this indicator and other tracker indicators.

The Performance and Planning Manager added that “tracker” indicators are for information generally and were an indication of the economy more generally rather than a specific target indicator. Members learned that the Park and Ride figures may require seasonal adjustments and that those and information regarding town centres would be updated in the Quarter 2 performance report.

**Resolved:**

- (i) That the report be noted.
- (ii) That the possibility of developing targets for appropriate tracker indicators be further investigated.

**A6 Forecast of Revenue Outturn**

The Chair introduced the Finance Manager, Resources, Azhar Rafiq who was in attendance to speak to Members in relation to the Quarter 4 2011/12 and Quarter 1 2012/13, Revenue and Capital Forecast Outturn reports (for copy see file of minutes).

Members noted that the overall 2011/12 Outturn report had been reported to Cabinet in July 2012, with the report attached being for the RED Service. The Finance Manager explained that the report covered three areas of spend managed by the service grouping, the General Fund Revenue Budget, the Housing Revenue Account (HRA) and the Capital Budget with a cash limit underspend of approximately £600,000 against the revised annual General Fund Revenue Budget. Councillors noted key issues being the low letting numbers of industrial units and also reduced income levels in planning services arising from building control activity. . As regards the HRA, it was explained that the budget showed a slight surplus overall, with narrative on variances set out within the report. The RED Capital Programme for 2011/12 had been revised to approximately £92.4 Million; with the actual spend at year end being around £80 Million, split between the General Fund and HRA, £37 Million and £42 Million respectively. The Finance Manager referred Members to Appendix 4 of the report which provided a detailed narrative of progress made with major schemes contained within the RED capital programme.

The Chair thanked the Finance Manager for his presentation and asked Members for their questions on the 2011/12 report.

Councillors raised issues regarding the underspend in the Capital budget, planning staffing and costs associated with parking services. The Finance Manager noted that there are less applications as regards planning as a result of the depressed market conditions and that staffing levels had been adjusted in line with planned Medium Term Financial Plan (MTFP) savings. . In relation to a query on a £100,000 overspend on third party payments on parking services, it was noted that Parking Services were contracted out to an external provider , and the additional costs were for NCP.

The Finance Manager referred Members to the report setting out the Quarter 1 2012/13 Forecast Outturn for the RED Service, noting a tighter cash limit underspend of £100,000 against the revised annual general fund revenue budget. Members noted the variances as set out within the report with particular emphasis on the Planning service and Transport service areas.

Although there were some income pressures on building control, this was largely offset by additional planning fee income, and there were also underspends on a range of supplies and services budgets within the service. As regards to the Transport overspend, this was largely due to concessionary fares bus pass administration costs as a large number of passes were coming up for their 5 year renewal. The Committee were informed that the HRA for 2012/13 was on track, with a surplus of around £1m despite a large demand and projected overspend for repairs and maintenance in the Durham City area. The surplus would be used to finance the capital programme instead of borrowing to help keep interest costs down.

Councillors noted that the capital budget was approximately £100 Million split between the General Fund (£55 Million) and HRA (£45 Million) with the early indications being that the outturn spend would be in line with the revised budget.

The Chair thanked the Finance Manager for his presentation and asked Members for their questions on the Quarter 1 2012/13 report.

The Committee raised issues regarding the delays with the capital programme and asked whether this money was carried forward or was it unable to be spent due to a lack of staff to carry out the requisite work.

It was noted by Members that capital budgets were more difficult to forecast than revenue budgets, although the HRA capital programme being more straightforward to project. The Council's Head of Strategy, Programmes and Performance, Andy Palmer added that there was no unallocated funds, and that capital budgets could vary by the end of a year, again depending upon market forces, schemes may not be able to be taken ahead, and some schemes may be delivered over several year's and require phasing. It was suggested that members receive a presentation at a future meeting providing an overview in relation to the Capital Programme including a breakdown of minor schemes.

**Resolved:**

- (i) That the report be noted.
- (i) That a presentation providing an overview of the Capital Programme including a breakdown of minor schemes be given to a future meeting of the Economy and Enterprise Overview and Scrutiny Committee.

**A7 Adult Learning Strategy**

The Chair introduced the Strategic Manager, Social Inclusion, Children and Adult Services, Jeanette Stephenson who was in attendance to speak to Members in relation to the Adult Learning Strategy (for copy see file of minutes).

The Strategic Manager reminded Members that the National Institute of Adult Continuing Education (NIACE) external review had set out the aims and drivers for an Adult Learning Strategy (ALS), with it now being in place for DCC and its Partners. It was added that national drivers included "Skills for Growth" with the Local Employment Partnership and County Durham Economic Assessment (CDEA) being more local drivers, albeit reflecting national policies.

Members noted that service priorities included:

- Literacy and numeracy training
- First “full” Level 2 qualifications and first “full” Level 3 qualifications for 19-25 year olds
- Training for learners with learning difficulties and disabilities
- Training for support for the unemployed
- Informal adult learning to engage the low skilled learner
- Level 4 qualifications

The Strategic Manager commented that accordingly, a Strategic Action Plan was developed with 11 key actions under 7 main themes of:

- Leadership and management
- Commissioning
- Partnership
- Policy
- Service redesign
- Marketing
- Information Advice and Guidance (IAG)

It was noted that 10 of the 11 key actions had been completed prior to Committee with the 11th, the commissioning framework, going live on the 24 September 2012. Members noted that the strategy was for 2011-2013, with the review scheduled for 2013.

The Committee were asked to take note of Key Action 5, service redesign that had produced a more streamlined, focused service, a countywide approach and with a new Skills Funding Agency (SFA) funding stream being made available regarding 16-18 apprenticeships. The Strategic Manager also noted that Key Action 7, quality management system had been implemented and an external review by OFSTED had been favourable, a Learning and Skills health check had been carried out and Matrix Accreditation demonstrated improved quality.

Members learned that Key Action 9, delivering and supporting learning in the community had been successful with the Community Learning Trust pilot, a charity funded by DCC and the new commissioning process was now in place. Councillors noted that Key Action 10, marketing was improving with a new 2012/13 Prospectus going through ever door and further marketing taking place via advertising on radio and on buses.

The Strategic Manager concluded by noting that the Adult Learning and Skills service had changed dramatically over the last 2 years and there as a need to grow the contract for 16-18 apprenticeships and the Adult Skills Budget. Members noted that there would be continued development of Community Learning Trusts, working with the Community and Voluntary Sector (CVS) and the ALS would be reviewed for 2013-15.

The Chair thanked the Strategic Manager for her presentation and asked Members for their questions.

Councillors asked as regards funding sources, who carried out schemes and programmes and whether progress was being made.



The Strategic Manager noted that funding was from Government and that the Council, together with partners delivered programmes accordingly, based upon Government priorities driving the ALS. Members noted that their was close working with organisations such as Job Centre Plus (JCP) to ensure no duplication of effort and aligning programmes. Members noted that since the new service had been in place, there had been an increase in the number of males accessing the service (up 9% to 35%) and ethnic minorities (up 0.3% to 3.3%) with the age split now being 70% under 50 and 30% over 50 in contrast to the reverse prior to service redesign.

**Resolved:**

That the report be noted and that a further update is reported back at a future meeting of the Committee.

**A8 Tourism in County Durham**

The Chair introduced the Chief Executive, Visit County Durham (VCD), Melanie Sensicle who was in attendance to speak to Members in relation to Tourism in County Durham (for copy see file of minutes).

The Chief Executive, VCD thanked Members for the chance to update the Committee on the work relating to tourism in County Durham and noted that the main highlights for the upcoming year were the Lindisfarne Gospels returning to the region, the Lumiere event and new marketing to promote the County.

Councillors were reminded that Tourism within County Durham was managed via the Durham Tourism Management Plan (DTMap) and Visit England was the national tourist board. It was added that last November, there was a “time-out” to ascertain whether the DTMap was correct for what we needed and the priorities identified in 2006 were “re-identified” as being right for the long term development of tourism in the County. It was noted that a minor change was to add an additional priority to “increase the contribution of Durham’s rural areas to the overall value of the county visitor economy” and it was reconfirmed that there was a need to increase stays to 48 hours, the average in the County being 2 hours, by investing in new products and and existing products such as Durham Cathedral, Beamish, Durham County Cricket Club at Chester-le-Street, festivals and events such as Lumiere to ensure County Durham was distinctive. Members were reminded that there was a need to ensure the “easy wins” such as good signage, toilet facilities and cleanliness were maintained, and this was now formally set out as a priority within the DTMap.

The Committee noted that the tourism offer had progressed hugely with significant upgrading to Beamish including the fish and chip shop, Victorian Fun Fair, and series of events that had increased visitor numbers from 300,000 to 500,000 in contrast to national trends of falling visitor numbers. It was added that Durham University had developed the Palace Green site, opening the World Heritage Site Visitor Centre and adding a new world-class gallery at Palace Green Library. The Chief Executive, VCD commented that Durham Cathedral had secured £3.5 Million of Heritage Lottery Funding in order to deliver its “Open Treasure” project regarding St. Cuthbert.

It was explained that Durham County Cricket Club had secured money from the Regional Growth Fund (RGF) for new stands and possibly a new hotel.

The Chief Executive, VCD noted that gaps and challenges included ensuring that there was enough for people to see and do, ensuring a critical mass of attractions to encourage a longer stay in the County. The Committee noted that there was a need to have a product that brings Durham to national attention and this would include Durham Cathedral, Beamish and events such as Lumiere and Test Cricket; however more products were needed and would require investment. Members were reminded that quality investment would require quality staff within the industry and therefore training to secure those jobs were important, in areas such as customer care and ensuring consistent levels of service across the County.

Councillors learned that there was a need to ensure connectivity was enhanced, while north-south routes by both rail and road were good, to ensure visitors to Durham were able to travel out from the City into the wider county, with attractions clearly signed and accessible. The Chief Executive, VCD explained that County Durham's image and reputation needed to be expanded and its profile raised with 4 areas having been identified: Durham Dales; the Vale of Durham; Durham City; and the Durham Coast. It was added that there is a need to broaden the tourism approach for the County, having been focused in the past primarily on leisure tourism, not taking on board other possible strands such as visiting friends and family; conferences, meetings and incentive travel; English language learning; and niche markets such as festival goers, food tourists, adventure seekers and so on.

Members noted that the Lindisfarne Gospels would be on show from 1 July to 30 September 2013 in a newly constructed world class exhibition created at the Palace Green Library. It was added that it would "tell the story" of St. Cuthbert. It was explained that the facilities would remain as a legacy that could be utilised for other events in the future and that Sustrans is working with the Gospels team to develop "pilgrim routes" and there would be the development of family activities, outreach to schools, education and academic conferences. It was explained that the regional programme would be described as "1,000 miles, 1,000 voices, 1,000 words, one book", the miles representing the journey, and examples of the voices being the Lindisfarne Gospels Community Choir, and the words calligraphy projects. The Chief Executive, VCD noted that there would be a programme of events including possible projects such as a modern interpretation of the gospels; Cuthbert Oratorio; a reduced gospels play; the gospels choir; and "The Cuthbert", a recreation Viking ship being built on the River Wear.

The Committee were reminded of the success of Lumiere events held in Durham City and informed that preparations for 2013 were already underway with the date yet to be confirmed, however, likely to be in November 2013. Councillors noted that "Artichoke" were producing the event again, with City Partners supporting and 13 of the 14 Area Action Partnerships (AAPs) have said "do it again". It was added that Arts Council funding had been secured towards the event via the NPO hub status of the Gala Theatre.

As regards marketing, it was noted that Durham was part of the national Visit England campaign, using regional growth fund with Durham being 1 of 14 "primary destinations". It was highlighted that the funding was £700,000 over 3 years in total, with a requirement of match funding in the ratio of 2/3 Visit England, 1/3 Durham private sector.

Councillors noted that festivals would be used as “hooks” in order to deliver destination-wide marketing with three themes: Walking and Cycling, September 2012 to March 2013; Heritage, March 2013 to September 2013; and Food and Drink, February to April 2014. Members were given sight of marketing materials and standalone websites for each of the themes, noting that the Walking and Cycling would go live first week in October and all would be incorporated into the VCD website as appropriate.

The Chair thanked the Chief Executive, VCD for her presentation and asked Members for their questions.

Members asked regarding national marketing for the Lindisfarne Gospels; Food Festivals; rural opportunities in West Auckland and Tow Law; advertising of cycle routes in the County; car parking in Durham City; additional days for Lumiere; the possibility of music festivals; how to promote and increase Tourism jobs; and clearly defining County Durham as being more than just Durham City.

The Chief Executive, VCD noted that regarding the Lindisfarne Gospels, there were the various campaigns and leaflets as circulated and shown to Members during the presentation as well as the possibility of a 48 sheet poster for King’s Cross train station in London (funding permitting), with the possibility of York, Newcastle and Edinburgh stations in addition. Members were heartened to learn that the press and media interest in the Gospels returning to the region had been great.

The Chief Executive, VCD agreed that Food Festivals had proven very popular and the VCD had only taken over the event mentioned in January this year. The key issue was being able to secure funding for next year, developing it into a destination food event and stretching the event over 2 days.

Councillors were informed that Visit County Durham would be able to liaise with local Councils where appropriate if opportunities and plans were brought forward, and it was added that the National Railway Museum at Shildon was another good attraction for the County with plans for this being within the programme for a “heritage year” beginning with a regional Steam Fair at Beamish, the Gospels and an event at Locomotion with 6 very special locomotives being on show.

The Committee noted that VCD worked with regional neighbours to ensure promotion of tourism offer cross-border and it was noted that Councillors thought there maybe scope for promotion of events at the many car parks in Durham City, and via free of cheap internet methods, such as via blogs and so on. In relation to any extension of the Lumiere event this was a funding issue, mainly in connection to the stewarding costs, and the knock on effect of “locking down” the City for an extra period.

The Chief Executive, VCD explained that the Council’s Economic Development Manager, Graham Wood led on job creation and that VCD worked with him on and companies and colleges to deliver excellent customer service in the industry. It was added that working in the tourism industry, closely with the public, required certain personal qualities and by working with schools and colleges to identify those individuals with the requisite qualities, those could be targeted to be given the skills needed to succeed. Members wondered whether it would be possible to tap into the wealth of talent within our Universities in respect of translating for foreign visitors.

**Resolved:**

That the report be noted and that a further update is reported back at a future meeting of the Committee.

**A9 Refresh of the Regeneration Statement and the County Durham Infrastructure Delivery Plan and Community Infrastructure Levy**

The Chair introduced Glenn Martin and Peter Ollivere, Principal Policy Officers from Regeneration and Economic Development, who were in attendance to speak to Members in relation to the refresh of the Regeneration Statement, the County Durham Infrastructure Plan and County Durham Community Infrastructure Levy (for copy see file of minutes).

The Principal Policy Officer, GM explained that there had been 4 significant pieces of work, the County Durham Plan (CDP), the Regeneration Statement (RS), Infrastructure Delivery Plans (IDPs) and Community Infrastructure Levy (CIL). Members noted that the CDP Preferred Options was out for consultation until 2 November 2012, with Members having received a copy of the Executive Summary.

Councillors were reminded that the CDP set out a planning framework to deliver positive drive for the economy through creation of, by 2030: 30,000 new jobs; 30,000 new homes of mixed type, size and tenure; approximately 30,000 square metres of new retail floor space; and 300 hectares of general employment land for office, industrial and warehousing purposes. It was added that consultation on the various stage of developing the plan would continue for the next 2 years, with the final CDP document to be published after agreement at that time, taking on board any new evidence and challenge from the consultation process.

The Principal Policy Officer, GM noted that the RS, originally published in 2009, was refreshed in 2012 to reflect changes in the economy and climate, reacting to the longer and deeper recession, large reductions in public sector finances, Welfare Reform and increased unemployment. Members also noted that the refresh took into account the progress made since 2009 in respect of: Hitachi; DurhamGate; Seaham; Infrastructure and Transport; and with other schemes. It was added that the main objectives had not changed, and that the next steps were to embed and disseminate the refreshed statement, refresh the Altogether Wealthier Delivery Plan in order to continue delivery against priorities while monitoring success and to continue to work in partnership.

The Principal Policy Officer, PO explained that IDPs developed in conjunction with partners could help to influence delivery of physical infrastructure such as roads, sewers, utilities, flood defences, fibre optic broadband, schools, primary health care, Fire and Police infrastructure and green space. It was noted that IDP dealt with most aspects well, with more information being needed in respect of bus services, education and sports provision. The Committee noted that 21 types of infrastructure were identified within the IDP and while focused on the major planning areas, it was not limited to those areas and were referred to representative maps and tables within the presentation showing the areas and investment schedules that would be from both the DCC Capital Programme and that of partners.

Councillors were asked to note that CILs were one method of ensuring funding for relevant and appropriate infrastructure with benefits including:

- A standard charge per square metre of development
- All Developers pay proportionally
- Developers, landowners and Local Authorities understand the financial implications of infrastructure contribution
- Legitimate pooling of contributions to fund infrastructure
- Freedom to spend appropriately to make development more attractive

Members learned that there was a balance to be struck between desirability to fund infrastructure and the economic viability of development across an area and that this would be assessed through a viability study, which would look at:

- Understanding viability areas across County Durham
- Running viability appraisals
- Recommending CIL rates for residential and non-residential
- Understanding the impact of affordable housing on viability

Members noted that areas such as Durham City would have a high CIL, with more rural areas such as Lanchester having a low CIL. Councillors noted that maps showing the distribution indicated that the majority of the County fell within the lower tariff and that for those areas the CIL of £15 per square metre would roughly equate to £1,500 per house, and of £250 per square metre in higher tariff areas equating to £25,000 per house. The Principal Policy Officer, PO noted that Policy 64 set out the approach to CIL and Section 106 Agreements (s106) and added that a proportion of CIL could be allocated to communities based on area or whether a Neighbourhood Plan was in place, with AAPs being a possible mechanism for allocation. The Committee noted proposals of 20% within the wider county, 10% in the Durham City and Chester-le-Street “zone”, 5% within the Durham City “strategic zone” and 50% where a Neighbourhood Plan was in place.

It was highlighted that the CIL proposals are out to consultation running from the 10 September 2012 to the 2 November 2012.

The Chair thanked the Officers for their presentation and asked Members for their questions.

Members asked several questions in relation to the number of houses allocated for green belt land rather than within existing settlements; whether 2 years until the CDP was in place could potentially damage development and investment; would CIL replace s106; at what point was the CIL made; whether AAPs were the correct mechanism not being comprised entirely of elected representatives; and whether local Councils and community groups would be able to cope with the demands of handling potentially large sums that could result from CILs.

The Principal Policy Officers noted that in cases where applications were currently in the system, Officers would look to secure local benefits via s106 on a site-by-site basis. It was added that CIL would not replace s106 entirely but would provide an uplift in value when planning was granted, with s106 looking at issues such as affordable housing and CIL towards wider infrastructure benefiting more than just one particular site. Members concerns were noted as regards potential financial benefits of development being lost to that particular community, and it was explained that issues regarding governance arrangements were still being finalised and Members could discuss the issue further at a special Overview and Scrutiny Workshop scheduled for 4 October 2012 looking at the CDP Preferred Options document. Councillors noted that Government regulations on CIL stated “a meaningful proportion” would need to be retained for local communities and therefore if a Neighbourhood Plan was in place that “meaningful proportion” would be easier to quantify. Officers also noted that while s106 was negotiable between the Authority and Developers, CIL would be mandatory once the rates were set. It was added that CIL was not “taxing” Developers; rather the long term cost would be met by landowners not Developers. As regards issues of the mechanism for how CIL distributions would be allocated, Members would be asked for their guidance on this and feedback on the percentage levels for CIL and issues of how smaller local Councils may cope with the responsibility of CIL funds would be fed back into the consultation process.

**Resolved:**

- (i) That the report be noted.
- (ii) That Members’ comments in relation to the CIL be fed into the ongoing consultation as the Overview and Scrutiny response.

**Economy and Enterprise Scrutiny  
Committee**

**19 November 2012**



**Regeneration and Economic  
Development Service – Quarter 2:  
Revenue and Capital Forecast of  
Outturn 2012/13**

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

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**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 September 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 - £43.030m (original £42.513m)*
- *Housing Revenue Account - £61.111m*
- *RED Capital Programme – £100.946m (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
- Carbon Reduction Commitment allowances £13k
- Increased capital and central support recharges of £670k
- Transfer support recharge for County Durham Development Company to Resources following in-house merger -£114k
- Additional budget for disturbance allowances following office accommodation moves £54k.

The revised General Fund Budget now stands at £43.030m (before use of reserves and cash limits).

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 cash limit underspend of **£0.698m** against a revised budget of **£43.030m**.
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	26,779	14,380	26,883	104	-561	-457
Premises	2,774	1,869	2,884	110	0	110
Transport	1,552	512	1,252	-300	0	-300
Supplies and Services	9,728	6,381	10,207	479	-760	-281
Agency and Contracted	19,672	7,782	19,261	-411	333	-78
Transfer Payments	245	-1	191	-54	0	-54
Central Costs	8,618	277	8,859	240	0	240
<b>GROSS EXPENDITURE</b>	<b>69,369</b>	<b>31,200</b>	<b>69,537</b>	<b>168</b>	<b>-988</b>	<b>-820</b>
<b>INCOME</b>	<b>-26,339</b>	<b>-10,762</b>	<b>-26,180</b>	<b>159</b>	<b>-37</b>	<b>122</b>
<b>NET EXPENDITURE</b>	<b>43,030</b>	<b>20,438</b>	<b>43,357</b>	<b>327</b>	<b>-1,025</b>	<b>-698</b>

#### 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	1,797	1,497	1,810	13	-48	-35
Economic Development & Housing	7,014	3,918	7,618	604	-901	-297
Planning & Assets	6,571	5,669	6,335	-236	-250	-486
Transport & Contracted	18,366	9,161	18,312	-54	174	120
Central Managed Costs	9,282	193	9,282	0	0	0
<b>NET EXPENDITURE</b>	<b>43,030</b>	<b>20,438</b>	<b>43,357</b>	<b>327</b>	<b>-1,025</b>	<b>-698</b>



7. 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 £'000	(Under) / Overspend £'000
Strategy Programmes and Performance (SPP)	Management	£3k underspend on Directors and Head of SPP mileage budgets	(3)	(35)
		£5k overspend on Supplies & Services	5	
	Strategy Policy Partnerships & Support	Underspend on Employee costs - £18k net underspend on pay primarily due to 2 vacancies and maternity leave, £4k underspend on training,	(22)	
		£6.5k underspend on Supplies and Services due to reduced Advertising and Printing.	(7)	
	Planning & Performance	£3k underspend on pay (vacancy and reduced hours) & £1k underspend on training	(4)	
		£4k underspend on Supplies and Services	(4)	
	Funding & Programmes	£9.5k vacancy savings not met but offset by £5k maternity underspend	4	
		£4k underspend on Supplies and Services regarding Audit Fees	(4)	
Economic Development & Housing	Head of Economic Development & Housing	No major variances	0	(297)
	Physical Development	£35k underspend on Employee costs due to early retirement of Senior Project Support Officer	(35)	
	Visit County Durham	£4k overspend on general supplies	4	
	Business Durham	£8k overspend on Employee costs due to not meeting the 3% turnover budget	8	
	Economic Development	£84k underspend on Employee costs due to vacant Community Economic Development officers £10k over achieved income in the International Relations service	(94)	
	Housing Solutions	£93k underspend on Employee costs due to maternity leave and staff working reduced hours	(93)	
	Housing Regeneration	£79k underspend on Employee costs due to 2 maternity leaves, 2 staff working reduced hours and a post being vacant for part of year during recruitment process £5k underspend on Premises due to renegotiation of rent £3k underspend on general Transport costs	(87)	
Spatial Policy, Planning, Assets and Environment (SPPAE)	Head of Planning	Agreed overspend Area Outstanding Natural Beauty Contributions underpaid previous year	2	
	Planning Policy	£13k overspend on Employee costs £14k underspend on Transport £13k underspend on Supplies and Services	(14)	
	Local Development Plan	No major variances	0	

Head of Service	Service Area	Description	(Under) / Overspend £'000	(Under) / Overspend £'000
	Development Management	£236k over achieved income partly due to statutory increase in fees and increasing caseloads £20k overspend due to Severance Payment and Agency cover for long term sickness £85k underspend on Employees due to vacancies within the service £12k underspend on Training £8k overspend on Agency - Solicitor £67k underspend on Transport £55k underspend on Area of Blight works £48k underspend on Printing budget £77k underspend on Advertising £40k overspend on IT Software until single planning system is implemented £11k underspend on other Supplies and Services	(523)	
	Building Control	£200k under achieved income on fees, however may be reduced later in the year due to Hitachi development, offset by: £20k underspend on Employee Costs £34k underspend on Transport costs £21k underspend on structural calculation costs £29k underspend on various other supplies £50k underspend as no major works have been required yet in the year	46	
	Conservation and Design	£38k underspend on Staffing due to vacant Senior Design & Conservation Officer post and part year vacancy of Business Support Officer £4k underspend on Transport Costs £11k underspend on various other supplies	(53)	
	Archaeology	No major variances	(6)	
	Landscape	£9k overspend on Employees £4k underspend on Transport £11k underspend on various other supplies	(6)	
	Ecology	Includes £12k underspend on external fees not required in the year	(17)	
	Sustainability	£13k overspend on Employee costs due two additional posts Energy £11k underspend on Transport £39k underspend on Supplies £17k shortfall in Income	(20)	
	Heritage Coast	No major variances	2	
	Assets - Asset Management	£75k underspend on Employee costs due to 2 staff on maternity leave, 1 employee on reduced hours and vacancies until restructure of service £6k underspend on Transport costs £4k underspend on Supplies £12k under achieved income due to reduction in SLA work	(73)	
	Assets - Farms	No major variances	2	
	Assets - Reclamation Sites	£8k overspend on Supplies due to planning appeal work on reclamation grazing land	8	
	Assets - Property Management	£56k under achieved income relating to empty shops at Newgate Street Bishop Auckland £36 under achieved income relating to Brackenhill Centre vacated by East Durham College April 2012 £13k general underspend on Premises costs	79	
	Surplus Property	No major variances	0	
	Assets - Millenium Square / Fowlers Yard	£87k under achieved income relating to Millenium square where units are vacant or being occupied by DCC services	87	(486)
Transport & Contracted Services	Head of Transport	No major variances	0	
	Strategic	£56k overspend Employees - non-realisation of vacancy	96	

Head of Service	Service Area	Description	(Under) / Overspend £'000	(Under) / Overspend £'000
	Transport	savings £40k anticipated extra spend on agency cover for statutory duties due to sickness within the service		
	Passenger Transport	£135k underspend due to realignment of Supplies & Services budgets to identify budget for review of staffing structure £4k underspend on Car Allowances - Rationalisation of fleet and staff moved as a consequence of restructure £3k overspend on Consultants Fees as result of extension of work £333k underspend on Concessionary Fares - £278k overspend on renewal of 80,000 passes (5 year renewal basis) and £609k underspend on contract payments (outside cash limits) £24k underspend on Mobile costs due to reduction of staff in restructure, computer costs and Printing & Stationery £21k overspend due to external service provision by Journey Planner to cover work done by employee on maternity leave £15k increase in contract payments due to extra contractual runs £26k increase in budgeted income from DfT re Local Sustainable Travel Fund admin charge and CYPS to pay for extra services £23k decrease in income recharge from Health due to Bus & Rail contract savings £123k decrease in recharges to Adults for Fleet Service	(4)	
	Supported Housing	£82k net overspend on employees costs through vacancy savings not being achieved and partially offset by a training underspend £158K overspend on Employees costs arising from Pay Protection costs which are to be met from reserves (nil impact) £9k overspend on vehicle costs £144k underspend on planned equipment purchases to cover overspends elsewhere £19k underspend on smoke alarm cleaning budget - won't need this as alarms are new this year £17k underspend on clothing, advertising, computer requisites and licences £35k increase charge for Tunstall maintenance contract. The maintenance of the control centre was previously under warranty which ran out this year. £37k shortfall in income Care Connect s £45k net loss of income primarily due to Parish/Town Councils withdrawal from CCTV SLA's	28	120
Central Managed	Central Costs	No major variances		0
<b>TOTAL</b>				<b>(698)</b>

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

- Redundancy costs to be met from corporate strategic reserve 112
- Time limited posts in strategy and programmes funded from RED reserves 37
- Expenditure on local development plan to be funded from Planning reserve 105
- Expenditure on the international school games to be funded from the International Relations reserve 7
- 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	74
● Expenditure on Apprenticeship subsidy payments to be funded from the RED cash limit	100
● Expenditure on Visit County Durham festival and events to be funded from the RED cash limit	50
● Expenditure on Visit County Durham's transitional costs to be funded from RED reserves	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)
● Expenditure on Business Durham branding to be funded from the RED cash limit	20
● Expenditure on match funding towards Limestone Landscape projects to be met from the Planning and Assets cash limit	22
● Expenditure in relation to the Excavation at Binchester Roman Fort to be met from the RED cash limit	15
● Expenditure on Rural Employment and Job Broker projects to be met from the Economic Development Employability Reserve	95
● Costs incurred on specific projects by the Housing Solutions Team to be met from the Housing Solutions Reserve	137
● Pay protection costs financed from RED reserves	271
● Net underspend on Concessionary Fares Contract Payments – Outside Cash Limit	(333)
● Overspend resulting from costs incurred on security services relating to a surplus property at Whinney Hill School – Outside Cash Limit	78
	<b>1,025</b>

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 £868k towards the capital programme.

Housing Revenue Account	Budget £'000	Forecast Outturn £'000	Variance £'000
<b>Income</b>			
Dwelling Rents	(60,115)	(60,068)	47
Other Income	(1,350)	(1,369)	(19)
Interest and investment income	(114)	(114)	0
	<b>(61,579)</b>	<b>(61,551)</b>	<b>28</b>
<b>Expenditure</b>			
ALMO Fees	17,266	17,266	0
Repairs, Supervision and Management Costs	11,975	12,057	82
Negative Subsidy Payment to CLG	0	(94)	(94)
Depreciation	15,510	15,510	0
Interest Payable	12,234	11,350	(884)
Revenue contribution to capital programme	4,570	5,438	868
	<b>61,555</b>	<b>61,527</b>	<b>(28)</b>
<b>Net Position</b>	<b>(24)</b>	<b>(24)</b>	<b>0</b>

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

- a) **Repairs & Maintenance £352k overspend** – this results from an increased cost per void as a result of the implementation of the lettable standard scheme in 2010/11. In addition an overspend is being incurred as a result of problems encountered with specific Gas Boilers purchased prior to LGR, which are now out of warranty;
- b) **Supervision & Management £243k underspend** – this is a managed underspend on the Service Improvement budget to compensate for the overspend on Repairs & Maintenance;
- c) **HRA Subsidy £94k underspend** – this is a refund due to the Council resulting from Housing Subsidy payments made to the DCLG in 2011/12;;
- d) **Interest Payments £884k underspend** – this results from a lower interest rate and lower Outstanding Loan Debt than originally anticipated;
- e) **Revenue Support to Capital £868k 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	10,741	-609	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	4,454	352	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. Further reports to the MOWG in July, September and October detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£100.949m** - consisting of **£55.205m** for General Fund and **£45.744m** for the HRA.
19. Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2012/13 £000	Revised Annual Budget 2012/13 £000	Actual Spend to 30 September £000	Remaining Budget £000
General Fund	43,079	55,205	10,889	44,316
HRA	46,492	45,744	18,427	27,317
<b>Total</b>	<b>89,571</b>	<b>100,949</b>	<b>29,316</b>	<b>71,633</b>

20. Actual spend for the first six months amounts to **£29.316m** – consisting of **£10.889m** for the General Fund and **£18.247m** for the HRA. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.

#### General Fund

21. There has been significant spend to progress the implementation of the Local Transport Plan (£1.289m) and the Durhamgate Scheme (£2.663m) to improve transport infrastructure in the County. Other significant spend has been made on the Disabled Facilities Grants and Helping Hands Loans Schemes (£1.476m) and the Housing Renewal Programme (£1.598m), to improve and support private sector housing. Other areas of the programme are profiled to be implemented later in the year and it is anticipated that the projected outturn at 31 March 2013 will be in line with the revised budget. A further review of the full programme will be undertaken in the final quarter to confirm that this is achievable.

#### HRA

22. The programme has been significantly supported with £13m of Decent Homes Backlog Grant funding from the Homes and Communities Agency. In the first six months of the financial year a total of 589 properties have been brought up to the Decent Homes standard, which is slightly ahead of the progress anticipated against the annual target of 982. It is anticipated that the projected outturn at 31 March 2013 will be in line with the revised budget. The programme anticipates improvements will be made to around 3,500 properties in 2012/13.
23. At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

#### **Recommendations:**

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

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## **Appendix 1: Implications**

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### **Finance**

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected 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: 2012-13 Housing Revenue Account

	<b>2012/13 Budget</b>	<b>2012/13 Forecast Outturn</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Income</b>				
Dwelling Rents	<b>(60,115)</b>	<b>(60,068)</b>	<b>47</b>	
Non Dwelling Rents: – Garages	(899)	(924)	(25)	
– Shops/Other	(96)	(96)	0	
Charges for Services and Facilities	(105)	(90)	15	
Contributions towards Expenditure	(250)	(259)	(9)	
<b>Total Income</b>	<b>(61,465)</b>	<b>(61,437)</b>	<b>28</b>	
<b>Expenditure</b>				
ALMO Management Fee	17,266	17,266	0	
Repairs and Maintenance	4,187	4,539	352	a
Supervision and Management - General	4,550	4,307	(243)	b
Supervision and Management - Special	549	522	(27)	
Rent, Rates, Taxes and Other Charges	100	100	0	
Negative HRA Subsidy Payable to CLG	0	-94	(94)	c
Depreciation and Impairment of Fixed Assets	15,510	15,510	0	
Bad Debt Provision and Debts Written Off	916	916	0	
Debt Management Costs	186	186	0	
<b>Total Expenditure</b>	<b>43,264</b>	<b>43,252</b>	<b>(12)</b>	
<b>Net Cost of HRA Services per I&amp;E Account</b>	<b>(18,201)</b>	<b>(18,185)</b>	<b>16</b>	
Share of Corporate and Democratic Core	1,085	1,085	0	
Share of Other Costs Not Allocated to Specific Services	402	402	0	
<b>Net Cost of HRA Services</b>	<b>(16,714)</b>	<b>(16,698)</b>	<b>16</b>	
Interest Payable and Similar Charges	12,234	11,350	(884)	d
Direct Revenue Financing (Contribution to Capital)	4,570	5,438	868	e
Interest and Investment Income	(114)	(114)	0	
<b>(Surplus)/Deficit for Year</b>	<b>(24)</b>	<b>(24)</b>	<b>0</b>	
HRA Reserves	7,821	7,821	0	
Stock Options Reserve	60	0	60	
Durham City Homes Improvement Plan	400	318	82	
Capital Reserve	2,000	0	2,000	

### Appendix 3: RED Capital Programme 2012-13

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 Sep £000	Remaining Budget £000
<b>General Fund</b>				
<b>Economic Development &amp; Housing</b>				
Barnard Castle Vision	3,399	1,416	327	3,072
North Dock Seaham	701	292	374	327
Durham City Vision	1,251	521	225	1,026
St John's Square	0	-	-	-
Durhamgate	485	485	2,663	-2,178
Town Centres	2,361	984	508	1,853
Industrial Estates	4,739	1,974	416	4,323
Durham City Plus	455	188	74	381
Disabled Facilities Grants/FAP <sup>(1)</sup>	5,209	2,170	1,476	3,733
Office Accommodation	3,153	1,314	563	2,590
Housing Renewal Programme	4,030	1,679	1,598	2,432
Travellers Sites – General	502	209	-28	530
<b>Planning &amp; Assets</b>				
Energy Schemes	2,550	1,062	185	2,365
URRI Programme	759	632	848	-89
Structural Capitalised Maintenance	9,398	-	-10	9,408
Woodham CTC	750	-	-	750
<b>Transport &amp; Contract Services</b>				
Transit 15	1,250	521	100	1,150
Major Schemes	2,277	948	53	2,224
Local Transport Plan	4,335	1,806	1,289	3,046
Transport Corridors	900	375	20	880
CCTV	683	284	48	635
<b>Minor Schemes</b>				
	6,018	204	159	5,859
<b>General Fund Total</b>	<b>55,205</b>	<b>17,064</b>	<b>10,889</b>	<b>44,316</b>
<b>Housing Revenue Account</b>				
Durham City Homes	8,965	3,735	3,702	5,263
East Durham Homes	29,112	12,130	11,066	18,046
Dale and Valley Homes	5,580	2,325	2,296	3,284
New Build II: Wear Valley	1,149	1,149	1,132	17
Housing Demolitions & Regeneration	938	391	231	707
<b>Housing Revenue Account Total</b>	<b>45,744</b>	<b>19,730</b>	<b>18,427</b>	<b>27,317</b>
<b>RED Total</b>	<b>100,949</b>	<b>36,794</b>	<b>29,316</b>	<b>71,633</b>

(1) Financial Assistance Programme

**Economy and Enterprise  
Overview and Scrutiny Committee**

**19 November 2012**



**Business Support and the Role of  
Business Durham**

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**Report of Ian Thompson, Corporate Director, Regeneration and  
Economic Development**

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**Purpose of the Report**

1. To provide members of the Economy and Enterprise Overview and Scrutiny Committee with an overview of business support in County Durham and the role of Business Durham.

**Background and Overview**

2. The County Council has placed improving the economy as its top priority. Whilst there are major opportunities for economic growth, economic performance has been poor for many years. On almost every indicator, County Durham falls below the rest of the North East Region and has been underperforming nationally since the 1970s.
3. In order to address these issues over the last decade, the public sector and its partners developed and delivered a wide range of business support activities, primarily funded through the public sector, in particular by One NorthEast, Business Link and government funded programmes such as LEGI (Local Enterprise Growth Initiative) and Neighbourhood Renewal Fund/Area Based Grants. These activities were aimed broadly at attracting and overcoming constraints to business growth and development, and to stimulate new business formation and improve survival rates.
4. Shortly after Local Government Review in 2009, the County Council embarked upon a Review of Business Support Services. The purpose of the review was to understand the range of business support services, how they were targeted, the impact of the investment and activities on County Durham's economy, and whether there was any scope for rationalisation. The review established that there was an extensive and complex network of business support services delivered by the public and private sectors across the County operating with provision at the local, sub-regional, regional and national levels. The Review proposed a number of actions to reduce duplication and improve the measurement of impact; in particular it came up with key principles / protocols for partners to adopt in future delivery.
5. However, since the Review of Business Support Services was undertaken the picture has changed considerably. Recent cuts in public sector funding as a result of the recession and changes in government policy, have led to a number of business support programmes being closed, and the number of partners active in the delivery of business support has decreased. In particular the Business Link service has been discontinued with only a national telephone helpline and a web-site remaining.

6. In the current economic climate, the challenge is to achieve more with less resource. The Business and Enterprise Working Group of the County Durham Economic Partnership (CDEP) plays a key role in helping partners to avoid duplication and maximise co-operation, with Business Durham at the centre as a key delivery organisation. This ensures joint resources are used to maximum effect.
7. Key partners currently involved in business support in County Durham include:

County Durham Enterprise agencies: <i>(Derwentside Enterprise Agency CDC Enterprise Agency East Durham Business Service South Durham Enterprise Agency)</i>	Enterprise promotion, business start-up advice, advice for existing businesses, provision of managed workspace/office accommodation
North East Chamber of Commerce	Representing businesses, lobbying, training, advice on international trade and exporting
FE Colleges	Education, training, enterprise promotion
Durham University	Education, training, innovation support
Federation of Small Businesses	Representing businesses, lobbying
Business & Enterprise Group	Business improvement, supply chain development, funding for business development
Princes Trust	Support for young people to start up in business
Acumen Development Trust	Social enterprise support

### **Role of Business Durham**

8. The County Council established Business Durham in March 2012, bringing together County Durham Development Company and the Council's in-house Business Services team. Business Durham has been created to provide dynamic, proactive support to the business community in the County, to encourage a culture of enterprise and attract capital investment to the County. Business Durham's role is to play a major part in the growth and development of the County's private sector, leading to a more resilient, diverse and robust economy that creates jobs and prosperity for the communities of County Durham.
9. Business Durham is the first point of contact for businesses operating in County Durham, offering advice and guidance to support their growth and development, and providing businesses with an easy route in to County Council services that they may need to access. Business Durham, with its partners, aims to deliver an integrated business support service that stimulates enterprise and supports the growth and development of a vibrant SME sector. It also takes a strategic lead in continuing the diversification of the economic structure of the County through the creation and development of innovative and creative industries, as well as supporting the larger companies, continuing their sustainability through skills and training and developing their supply chain capacity.

10. A key role has been identified for Business Durham to encourage other County Council services to become more business friendly and to use its power and influence to make a significant contribution to the economic development of the County. Business Durham will also contribute to a long term positive economic impact in areas such as raising aspirations and ambitions, the creation and retention of high value jobs, in the development of embedded high tech business communities with increased R&D activity and attracting inward investment. In doing so, Business Durham will emphasise County Durham as “a Top Location for Business” and make a positive contribution towards the vision for an “Altogether Wealthier” County. Appendix 2 details how Business Durham contributes towards the delivery of the actions within the RED Service Plan.

### **Business Durham Advisory Board**

11. The County Council is keen to ensure that it engages effectively with the private sector, and takes every opportunity to improve business engagement. The activities of Business Durham are overseen by an Advisory Board comprising prominent business leaders in the County together with leading members of the County Council.
12. Terms of reference of the Advisory Board include, as its purpose, to:
  - offer private sector perspective to County Council proposals on matters relating to the development of the economy;
  - offer insight through experience into the business world and global economy;
  - act as the interface between private sector and the County Council;
  - act as champions and Ambassadors for County Durham;
  - sponsor and promote initiatives and events for County Durham;
  - provide a focus for, and influence on, County Council economic policy and strategy through acting as a critical friend;
  - provide a focus for the engagement of the private sector; and
  - meet quarterly to receive reports and discuss matters of business as appropriate.

### **Business Durham Priorities**

13. The economy of the County has been restructuring for many years but is now demonstrating signs of stability. Many major manufacturers are as efficient and competitive as their Eastern European and Chinese competitors. Even in the present conditions some companies have full order books stretching far into the future. However, an assessment of the County’s economy offers mixed messages with success in some areas whilst unemployment is relatively high and skill shortages are being reported.
14. Given the strategic context above and the current economic climate, Business Durham has three overarching priorities:

**Priority 1 - to retain** as many existing companies as possible.

Companies are subject to market forces, sometimes global, and will encounter difficulties but the role of Business Durham is to understand and support these companies wherever possible;

**Priority 2 - to grow** these companies at every opportunity.

By offering new markets from local procurement to international trade development, by supporting skills and training, through a business friendly local authority and by maximising opportunities offered by emerging technologies such as renewable energy and low carbon;

**Priority 3 - to attract additional** businesses.

From local services start-up to major internationally mobile businesses; manufacturing and service sector and through supply chain development.

### **Business Durham Objectives**

15. To achieve the above overarching priorities, the objectives of Business Durham are:-

**Objective 1** - encourage a more entrepreneurial culture;

**Objective 2** - encourage the growth and development of small and medium businesses;

**Objective 3** - support larger companies;

**Objective 4** - attract capital and inward investment to the County;

**Objective 5** - encourage and support the development of innovative, technology based SME's;

**Objective 6** - maximise the benefit of the County Council's stock of Business Property.

### **Business Durham Business Plan 2012-13**

16. Business Durham has established a Business Plan for 2012-13 setting out the key actions it will undertake against each of its six objectives and the Key Performance Indicators it will be judged against. The Business Durham Advisory Board monitors the performance of the service against these KPIs at its quarterly Board meetings.

#### **Objective 1 - encourage a more entrepreneurial culture.**

##### **Key Actions for 2012-13**

- i) Work with partners to promote enterprise and support business start-ups in the County
- ii) Undertake a number of enterprise promotion initiatives and projects including work with FE Colleges and the development of a 'role models' project
- iii) Commission and manage the delivery of the 'Developing Creative Industries' project
- iv) Organise and deliver the County Durham Future Business Magnates enterprise competition

- v) Promote science and technology through outreach and engagement.
- vi) Launch Kinetick as “NETPark Net Junior” and recruit business projects for students to solve.
- vii) Deliver at least 1 “Brainwave@” event at NETPark (subject to funding)

<b>Objective 1 Annual KPIs</b>	<b>Target for 2012-13</b>	<b>Achieved to Date</b>
No. enterprise promotion activities undertaken (events/projects/campaigns)	5	3
No. young people involved in enterprise activities	200	191
Number of young people involved in innovation outreach activities	500	823
Implement Brainwave@ event	July 2012	Achieved

**Objective 2 - encourage the growth and development of small & medium businesses**

**Key Actions for 2012-13**

- i) Provide an area-based approach to offer support to SMEs in all sectors across the County
- ii) Establish a clear system for handling business enquiries, in conjunction with Business Growth and Business Space Teams
- iii) Manage and respond to business enquiries in a timely and effective manner
- iv) Build up knowledge base about the make-up of SMEs in each area – sectors, size, locations, key issues etc
- v) Establish relationships with key partners in each area in order to identify opportunities and address business needs
- vi) Undertake a number of business engagement initiatives and projects, including work with businesses on Aycliffe Business Park, developing a ‘Made in Durham’ campaign, and continuing work with Corporate Procurement on the ‘Buy Local, Buy Durham’ scheme
- vii) Map County capabilities to the HVM Catapult and establish a programme of engagement and interaction with SMEs via NETPark Net, Business Innovation Gateway (BIG) and SAMP, where appropriate

<b>Objective 2 Annual KPIs</b>	<b>Target for 2012-13</b>	<b>Achieved to Date</b>
No. Business Enquiries handled	500	414
No. Businesses assisted (inter-actions involving visits, follow-up work, outcome/impact)	150	179
No. business engagement activities undertaken (events/projects/campaigns)	4	2
No. Businesses engaged with (participating in events/projects/campaigns)	100	32

### **Objective 3 - support larger companies**

#### **Key Actions for 2012-13**

- i) Support the Top 100 largest private sector employers in the County with individual projects, as appropriate, including:
  - a. Regional Growth Fund bids
  - b. Capital Investment bids
  - c. Supply chain development including relocations
  - d. Skills and training
  - e. Redundancies.
- ii) Map County capabilities to the Hitachi Rail project and establish a programme of engagement and interaction via NETPark Net, BIG and SAMP where appropriate

<b>Objective 3 Annual KPIs</b>	<b>Target for 2012-13</b>	<b>Achieved to Date</b>
Visit 100 larger companies through Strategic Account Management Programme	100	53

### **Objective 4 - attract capital and inward investment to the County**

#### **Key Actions for 2012-13**

- i) To work with NELEP to service inward investment enquiries received via UKT&I
- ii) To host visits by potential investors generated by NELEP / UKT&I
- iii) To co-operate with major companies such as Hitachi Rail in attracting their supply chain to the County
- iv) To co-operate with CPI-NETPark to attract investment to NETPark
- v) To co-operate with the developers of Amazon Park and DurhamGate to attract investment to these, and other, sites



- vi) To service enquiries received via the North East Enterprise Company
- vii) Investigate NETPark as an Area of Scientific Innovation to de-risk investment by the private sector.

<b>Objective 4 Annual KPIs</b>	<b>Target for 2012-13</b>	<b>Achieved to Date</b>
Number of Inward Investment enquiries	50	21
Number of major businesses visited and engaged with	100	24
Number of businesses assisted with projects	50	20

**Objective 5 -encourage and support the development of innovative, technology based SME's**

**Key Actions for 2012-13**

- i) Strengthen the Business Innovation Gateway and its ability to “pull” IP from the University into the marketplace with IP databases, research papers, links to innovation scouting networks and opportunities around specific sectors such as space, process and energy
- ii) Consider an equity model at NETPark to assist growing companies
- iii) Review and update the overview of sources of finance available to companies to support innovation
- iv) Launch NETPark Net “version 3.0” and encourage take up of services by members
- v) Continue the programme of events under the NETPark Net brand including monthly breakfast briefings, quarterly technology debates, an annual conference and monthly clinics
- vi) Continue to manage the NETPark Ambassador programme
- vii) Continue to represent the United Kingdom Science Park Association at a senior level and work with other core partners such as the Institute of Physics and Knowledge Transfer Networks. Work with NESTA on their proposed projects for County Durham.
- viii) Increase occupancy of NETPark Incubator.

<b>Objective 5 Annual KPIs</b>	<b>Target for 2012-13</b>	<b>Achieved to Date</b>
NETPark Incubator occupancy	60%	42%
Complete consideration of equity model	September 2012	Deferred
Launched NETPark Net version 3.0	July 2012	Achieved

## **Objective 6 - maximise the benefit of the County Council's stock of Business Property**

### **Key Actions for 2012-13**

Business Durham manages its stock of industrial and commercial property for maximum benefit of the SME's that lease the property but also to maximise income generation for the benefit of the service. Since Business Durham is to be part financed by revenue from property, portfolio management will be essential.

- i) A 'Service Improvement Group' including colleagues in Asset Management and Finance has been established to implement a number of improvements to ensure these targets are delivered. A range of issues are being discussed, including how to maximise rental, how to improve the letting process to become more "easy-in easy-out" where appropriate, how to improve rental collection and how to improve debt recovery.
- ii) An annual customer satisfaction survey will be undertaken of all businesses occupying the portfolio to obtain views on estate management performance in addition to future business performance, e.g. business growth and potential for job creation.
- iii) Construction of Consett Business Park final phase due for completion December 2012.
- iv) Prepare and implement a 2 year capital plan for the refurbishment and improvement of DCC industrial and commercial properties.

<b>Objective 6 Annual KPIs</b>	<b>Target for 2012-13</b>	<b>Achieved to Date</b>
Increase occupancy	80% occupancy across the portfolio	72%
Increase rental income	5% uplift in rental income c. £125k	Progressing
Establish protocols for effective property portfolio management	June 2012	Achieved
Complete Consett Business Park final phase	March 2013	Progressing
Refurbishment and improvement of DCC industrial and commercial properties	Refurbish 10,000m2	Progressing
Completion of Dales Centre refurbishment	December 2012	Completed September 2012

## Business Durham Staffing Structure

17. In order to deliver the above objectives and actions, Business Durham has been structured with three teams focusing on Business Property, Business Development, and Business Growth and Innovation. A copy of the full staffing structure for the service is shown in Appendix 3.

## Business Durham Budget 2012 – 2013

18. The following table shows the income and expenditure budgets for Business Durham.

	Income	Expenditure	Net
Business Services General	-	-174,764	-174,764
Corporate Costs	-	-422,000	-422,000
<b>Sub Total</b>		<b>-596,764</b>	<b>-596,764</b>
Enterprise Development	-	-10,000	-10,000
Enterprise Educational Support	-	-25,000	-25,000
Business Development	-	-286,040	-286,040
Business Engagement	-	-40,000	-40,000
<b>Sub Total</b>		<b>-361,040</b>	<b>-361,040</b>
Business Feasibility	-	-40,000	-40,000
Business Space	2,756,314	-2,071,237	685,077
<b>Sub Total</b>	<b>2,756,314</b>	<b>-2,111,237</b>	<b>645,077</b>
Community Engagement	43,700	-98,400	-54,700
NETPark Net	46,571	-73,740	-27,169
Inward Investment	-	-110,205	-110,205
Business Growth & Investment	-	-306,924	-306,924
<b>Sub Total</b>	<b>90,271</b>	<b>-589,269</b>	<b>-498,998</b>
<b>TOTAL</b>	<b>2,846,585</b>	<b>-3,658,310</b>	<b>-811,725</b>
<b>DCC Contribution</b>	<b>811,725</b>	<b>-</b>	<b>811,725</b>
<b>GRAND TOTAL</b>	<b>3,658,310</b>	<b>-3,658,310</b>	<b>0</b>

## **Business Durham Website and Social Media**

19. The new, rationalised, environment for business support provides a golden opportunity to establish a model of partnership working that offers a comprehensive service to encourage and support all aspects of business as outlined above. A new Business Durham website has been developed as a point of collective contact, including the logos of the County Council and local partners as 'hot-links' to their individual organisation website, together with narrative directing the enquirer to the most appropriate point. Promotion of the services available takes place through social media including Twitter, LinkedIn, Facebook etc in addition to more traditional forms of communications e.g. press and media and small advertising campaigns. Partners are increasingly using the Business Durham website to promote their events and services to businesses, and subscribing to the daily business news service.

## **Summary of Business Durham Progress to Date**

20. Business Durham has been operating for just over 7 months, and is making good progress towards achieving the Objectives as shown by the performance to date against the Key Performance Indicators:
  - i. In terms of encouraging a more entrepreneurial culture programmes and events are reaching a wide number of young people;
  - ii. In encouraging the growth and development of SMEs Business Durham is in contact with a large number of businesses and the Aycliffe and Peterlee business groups are beginning to emerge as powerful forces in their respective areas;
  - iii. In supporting larger companies Business Durham is engaging with some of the most influential businesses in the County;
  - iv. The attraction of capital investment is best shown by the good news that the Hitachi rail project is now confirmed for Newton Aycliffe and that the supply chain can now begin to be defined;
  - v. Development of the economy through innovative and technology based businesses continues to be an important strand of activity now including over 300 businesses in the network and the Discovery Centres at NETPark are proving to be a success;
  - vi. A great deal of work has been done to improve the management of the business portfolio.
  - vii. The brand of Business Durham is developing and gaining acceptance by the business community. During the first half of this year Business Durham has organised a number of events to promote the name and brand and will continue to do so over the next few months.

21. The key issues that Business Durham will be focusing on in the coming months will include:

- Continuing to deliver against the six objectives above
- Improving engagement with businesses
- Encouraging a business friendly council
- Increasing procurement opportunities for local businesses
- Addressing start-up and enterprise support post 2013

**Recommendation**

22. That the Economy and Enterprise Overview and Scrutiny Committee note the contents of the above report and presentation.

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## **Appendix 1: Implications**

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**Finance** – None

**Staffing** – None

**Risk** – None

**Equality and Diversity** –. None

**Accommodation** -. None

**Crime and Disorder** – None

**Human Rights** – None

**Consultation** – None

**Procurement** – None

**Disability Discrimination Act** –None

**Legal Implications** – None

## Appendix 2: Business Durham Contribution to RED Service Plan

RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Competitive and Successful People (Altogether Wealthier)</b> <b>Key Outcome: Improve employability and skills</b>								
CSP2.5	Deliver enterprise initiatives to stimulate enterprise awareness and enterprising behaviours, encouraging County Durham residents to consider starting a business or self-employment.	2016	Undertake a number of enterprise promotion initiatives and projects including work with FE Colleges and the development of a 'role models' project	March 2013	Develop programme of initiatives & projects	June 2012	September 2013	Sarah Slaven
					Hold enterprise promotion initiatives (5 per annum)	July 2012	March 2013	Sarah Slaven
					Develop plan for taking forward role models campaign	August 2012	October 2012	Sarah Slaven
CSP2.7	Continue to deliver the successful Future Business Magnates competition in order to develop a culture of enterprise	July 2013	Run the successful Future Business Magnates competition annually	March 2013	Prepare for Awards Dinner to be held on 6th July	May 2012	July 2012	Sarah Slaven
					Work with Digital Communications Executive to develop new web-site	July 2012	August 2012	Sarah Slaven
					Planning for 2012-13 competition	August 2012	September 2012	Sarah Slaven
					Carry out briefing sessions for schools and business partners for 2012-13 competition	September 2012	October 2012	Sarah Slaven
					Organise Launch Event for 2012-13 competition & make arrangements for remaining Challenges	September 2012	November 2012	Sarah Slaven

RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Top location for business (Altogether Wealthier)</b>								
<b>Key Outcome: Increased business growth in key growth sectors</b>								
TLB1.1	Deliver the Strategic Account Management Programme (SAMP) with the top 150 businesses within the County.	2016	Monitor the Strategic Account Management Programme through a programme of engagement and support to the top 150 businesses.	March 2013	SAMP officers to undertake a programme of intensive visits and engagement	April 2012	March 2013	Catherine Johns
TLB1.2	Maintain and develop business and support services specific to innovative, high growth and strategic companies between 2012 and 2016.	March 2016	An action plan and strategy (the County Durham proposition), integrated with core partners, to attract (foreign) direct investment adding to and maintaining the critical mass of companies in County Durham.	March 2013	County Durham proposition developed	April 2012	March 2013	Catherine Johns
			Maintaining NETPark Net as the innovation support network for the County.	March 2016	Launch of NETPark Net version 3	April 2012	March 2013	Catherine Johns
			Maintaining the integrated innovation support provided by Durham Business Service, Centre for Process Innovation and Durham University via the Business Innovation Gateway.	March 2016	Launch of Business Innovation Gateway (BIG)	April 2012	March 2013	Catherine Johns



RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Top location for business (Altogether Wealthier)</b>								
<b>Key Outcome: Increased business growth in key growth sectors</b>								
TLB1.2	Maintain and develop business and support services specific to innovative, high growth and strategic companies between 2012 and 2016.	March 2016	Develop supply chain capabilities to major catalysing projects such as Hitachi and the UK High Value Manufacturing Technology Innovation Centre (part of which is based at NETPark).	March 2016	Hitachi Open Day	April 2012	June 2012	Catherine Johns
			Continued roll-out of community outreach programme up to June 2012 and maintaining of appropriate activities up to 2016.	March 2013	Organise and facilitate a science event in the County	August 2012	March 2013	Catherine Johns
TLB1.3	Facilitate and expand broadband connections for our residents and businesses	March 2016	Successful delivery of Digital Durham project	March 2016	Produce and submit an invitation to tender	November 2012	March 2013	Peter McDowell
					Award Contract	April 2013	March 2016	Peter McDowell
					Establish a Strategic Board	June 2012	March 2016	Peter McDowell
TLB1.4	Implementation of Business Space Strategy and Investment Plan.	2012-2016	Consett Business Park development – final phase (2,000 sq m)	July 2013	Contractor appointed and on site launch	September 2012	September 2012	Peter McDowell
					Building completed	n/a	May 2013	Peter McDowell

RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Top location for business (Altogether Wealthier)</b>								
<b>Key Outcome: Increased business growth in key growth sectors</b>								
TLB1.4	Implementation of Business Space Strategy and Investment Plan (cont/d)	2012-2016	Implementation of the £2m refurbishment programme for industrial sites owned by the Council	March 2014	Carry out emergency works across industrial portfolio.	September 2012	April 2013	Peter McDowell
					Carry out estate improvement programme at Coulson St. & Sacriston.	September 2012	April 2013	Peter McDowell
			Business Park at Hawthorn in Murton for B1, B2 and B8 uses (Marketing of site by Sept 2012).	April 2013	Commence Marketing Campaign	September 2012	April 2013	Peter McDowell
			Amazon Park, Newton Aycliffe	December 2014	Provide support to developers to secure site development and maximise job creation by December 2014 including the development of the Hitachi site. To be monitored through an agreed programme with Merchant Place Developers on behalf of Hitachi.	June 2014	December 2014	Peter McDowell

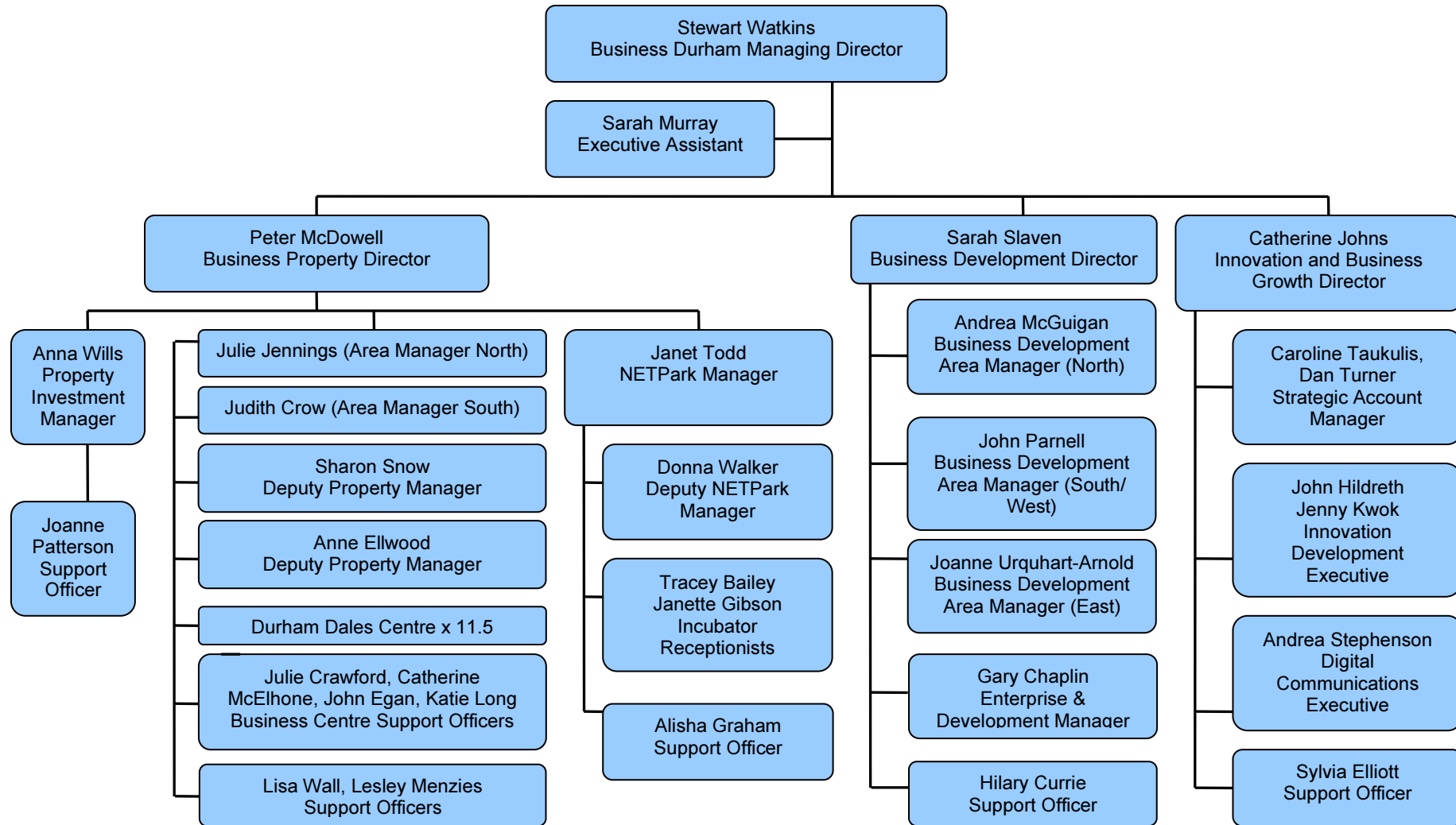
RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Top location for business (Altogether Wealthier)</b>								
<b>Key Outcome: Increased business growth in key growth sectors</b>								
TLB1.5	Market NETPark to new businesses and spin-offs from the University and look for opportunities to invest further in the space and premises at NETPark to make it more attractive for private sector investment.	March 2016	NETPark investment strategy and action plan.	April 2013	Work with CPI to map supply chain	April 2012	April 2013	Catherine Johns
			Finance Campaign	January 2013	Identify banks and other investors	April 2012	January 2013	Catherine Johns
			NETPark operating and financial model reviewed.	December 2012	Summary of NETPark as an investment opportunity	April 2012	December 2012	Catherine Johns
TLB1.6	Build and maintain partnerships with academia, centres of excellence, and other appropriate organisations: local, regional, national and international to encourage capital and intellectual investment in County businesses.	March 2016	Map Durham University institutes capabilities to local businesses	April 2013	Review and consolidate relationships with partners; identify any gaps	April 2012	April 2013	Catherine Johns
TLB1.16	Support the leader of the Council to ensure that Co. Durham maximises benefit from the 'Enterprise Zone' sites in the region and that support to businesses is offered where req.	March 2016	Ensure that sites in County Durham benefit from Enterprise Zone status, through liaison with the North East LEP.	March 2013	Attend meetings of established groups, including the Enterprise Zone Infrastructure Group and the Inward Investment Group	April 2012	March 2013	Stewart Watkins

RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Top location for business (Altogether Wealthier)</b>								
<b>Key Outcome: Increased business start ups</b>								
TLB2.1	Proactively manage incubation space and facilities for start-ups in County Durham.	October 2012	Business property implementation plan	July 2012	Establish property review group	April 2012	June 2012	Peter McDowell
					Develop plan	April 2012	June 2012	Peter McDowell
			Implementation of the plan	October 2012	Improvement plan developed	June 2012	March 2014	Peter McDowell
					Implement the plan	March 2014	October 2014	Peter McDowell
TLB2.2	Support the creation of creative and cultural business start-ups through a funded programme of support.	September 2014	Secure ERDF funding to enable delivery of a programme of support	December 2014	Issue tender documents	April 2012	April 2012	Sarah Slaven
					Steering Group to evaluate tender responses	23 <sup>rd</sup> /24 <sup>th</sup> May 2012	End of May 2012	Sarah Slaven
					Award Contract and hold inception meeting with successful delivery organisation	June 2012	June 2012	Sarah Slaven
					Quarterly meetings of Project Steering Group to monitor project delivery	August 2012	December 2014	Sarah Slaven
					Detailed Actions	Timescale Start	Timescale End	Responsible Person

RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Top location for business (Altogether Wealthier)</b>								
<b>Key Outcome: Increased business start ups</b>								
TLB2.3	Work with the Enterprise Agencies to identify gaps in business support which remain following the closure of the Be Enterprising Programme and the schemes in place from Partners across the County.	March 2016	Liaise with businesses/ The North East LEP to assess demand.	March 2016	Develop enterprise commission for NEFRAN Rural Growth Network Bid.	July 2012	September 2012	Sarah Slaven
					Develop overview of enterprise / start-up support available in County & keep up to date (review quarterly)	August 2012	March 2016	Sarah Slaven
					Apply for funding to fill the gaps	March 2016	Consider potential funding opportunities	April 2012
TLB2.4	Implement new business support offer from Durham County Council for all businesses, in line with approach agreed through the Business and Enterprise Working Group.	September 2012	Work programme and service standards to be agreed and Business Support Offer to be advertised and widely disseminated.	September 2012	Develop Business Durham Business Plan.	April 2012	April 2012	Stewart Watkins
					Develop Business Durham Brand	April 2012	July 2012	Catherine Johns
					Launch Business Durham	April 2012	March 2013	Stewart Watkins
					Ensure contact is made with key partners & networks (AAPs, Enterprise Agencies, Engineering Fora, Business Clubs, Internal DCC Depts, NECC, banks etc) to explain approach and relevant contacts.	June 2012	September 2012	Sarah Slaven
					Detailed Actions	Timescale Start	Timescale End	Responsible Person

RED Action No.	RED Service Plan Action	Timescale	Milestones for Head of Service Plan	Timescale	Detailed Actions	Timescale Start	Timescale End	Responsible Person
<b>Objective: Vibrant and Successful Towns (Altogether Wealthier)</b>								
<b>Key Outcome: Increase vitality of main settlements through a whole town approach</b>								
VST1.12	South Durham - Newton Aycliffe Regeneration Project	March 2014	Development and Consultation on a Business Improvement District in Newton Aycliffe	March 2014	Engage with businesses to discuss key issues on estate.	April 2012	March 2014	Sarah Slaven
					Establish a Steering Group	June 2012	March 2014	Sarah Slaven
					Develop action plan	June 2012	September 2012	Sarah Slaven
VST1.15	West Durham - Stanhope Regeneration Project	July 2012	Implement improvements to the Durham Dales Centre including a new business lounge	June 2012	Carry out improvements to restaurant and retail area, including provision of business co-working area.	July 2012	July 2012	Peter McDowell

### Appendix 3: Business Durham Staffing Structure



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**Economy and Enterprise Overview  
and Scrutiny Committee**

**19 November 2012**



**Masterplans for County Durham**

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

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**Purpose of the Report**

- 1 To provide Members with background information on the development of masterplans within County Durham prior to receiving the overview presentation.

**Background**

- 2 Members will recall that the Economy and Enterprise Overview and Scrutiny Committee received an overview presentation in July, 2010 on the current masterplan programme. When the refresh of the Committee's work programme for 2012 - 2014 was considered at the meeting in July, 2012 it was identified by members that an update on the development of the master plan framework would be included within the current work programme 2012 - 2014.
- 3 Cabinet has recently received a series of masterplan reports for principal towns across the County and it was therefore considered timely that the Economy and Enterprise Overview and Scrutiny Committee receives a further update on the development of the various masterplan frameworks within County Durham.
- 4 Masterplans provide the detailed programme of activity that is taking place or is planned by the Council and Partners in principal towns across the County. They provide the strategic context to delivery and seek to establish key principles to co-ordinate and guide regeneration activity and investment decisions.

**Current position**

- 5 A series of masterplan frameworks have or are in the process of being established across County Durham for the following principal towns:
  - Consett.
  - Stanley.
  - Chester-le-street.
  - Seaham and Murton.
  - Peterlee.
  - Durham.

- Spennymoor.
  - Newton Aycliffe.
  - Bishop Auckland.
  - Shildon.
  - Crook.
  - Barnard Castle.
- 6 The presentation to the Economy and Enterprise Overview and Scrutiny Committee on the 19 November 2012 will provide an overview focusing on the following:
- Strategic context.
  - Developing and delivering masterplans.
  - Coverage of masterplans.
  - Examples of current masterplans.

### **Strategic context**

- 7 Masterplans at a Town centre or settlement level are developed to provide detail on current or proposed activity. They are designed to supplement the information provided through the planning framework and can provide an opportunity to ensure the effective alignment of services or investment by the Council and its partners at a local level. This can include Town Centre improvement Budgets, Highways and Local Transport investment and alignment of the Council's Accommodation and Customer Services approaches.
- 8 The development and adoption of masterplans provides an opportunity to challenge, prioritise and channel resources to the most appropriate locations and ensure that requirements and opportunities are resourced appropriately. This has become particularly relevant given the ongoing pressures on Public finances and the relatively weak private development sector.

### **Developing and delivering masterplans**

- 9 All masterplans produced follow a similar format and are developed using a multi-disciplinary group of staff driven by the Regeneration and Economic Development (RED) service grouping this typically includes Planning, Economic Development, Housing and Transport Colleagues, while dependant on the location other service areas or partner organisations may input throughout the process.
- 10 Once drafted, public consultation on the emerging masterplans is arranged in conjunction with the relevant area action partnerships, many of which have identified or retain task and finish groups looking at the main centres.

## Coverage of masterplans

- 11 It is anticipated that coverage of masterplans for the County's main centres will be substantially completed by the end of March 2013. Masterplans for Chester le Street and Spennymoor are currently at an advanced stage, while work on plans for Newton Aycliffe and Shildon has recently commenced. Due to the complexity and the number of sites involved, Masterplanning and site development briefs for Durham City will be concluded at a later stage, while the masterplan for Peterlee is being undertaken in conjunction with the Homes and Communities agency.

## Examples of current masterplans

- 12 Through the formal adoption process, coloured copies of masterplans are submitted to the members resource centre for inspection and reference. The accompanying presentation to Economy and Enterprise Overview and Scrutiny Committee will highlight some of the issues and opportunities currently being identified through the Masterplanning process.

## Recommendation

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

## Background Paper(s)

Cabinet Report - Masterplan - Seaham and Murton – 18 April 2012.

Cabinet Report - Masterplan - Crook – 18 April 2012.

Cabinet Report – Masterplan – Bishop Auckland – 18 April 2012.

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## **Appendix 1: Implications**

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**Finance** - Each masterplan contains a detailed delivery plan with identified costs across Council services.

**Staffing** - None

**Risk** - Detailed risk assessments will be undertaken for each development project.

**Equality and Diversity** – Each masterplan is subject to an Equality Impact Assessment. Further, more detailed work will be identified and addressed on an individual project basis.

**Accommodation** - Accommodation issues will be identified on an individual basis.

**Crime and Disorder** - None

**Human Rights** - None

**Consultation** - Appropriate consultation has taken place in relation to the various masterplans within the County, typically utilising Area Action Partnership structures

**Procurement** - None

**Disability Discrimination Act** - None

**Legal Implications** – The masterplan documents will provide evidence to support the County Durham Plan but it will not have any statutory weight in the planning process.

**Economy and Enterprise  
Overview and Scrutiny Committee**

**19 November 2012**

**Housing Stock Options Appraisal  
Project**



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**Ian Thompson, Corporate Director Regeneration and Economic  
Development**

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**Purpose of the Report**

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with a further update in relation to the progress of the Stock Options Appraisal Project.

**Background**

- 2 The Economy and Enterprise Overview and Scrutiny Committee has received regular update reports on the progress of the Stock Options Appraisal project during 2011/12. In addition, at a special meeting of the Committee arranged for the 28 September 2011 Members were given the opportunity to respond/comment upon the progress to date and potential options with the comments made by Members at this meeting being fed into the consultation exercise.
- 3 The most recent update was provided to Committee on the 6 July 2012 updating Members on the revised option appraisal's governance arrangements to ensure that all stakeholders are provided with a variety of opportunities to contribute to the direction, engagement and outcomes of the option appraisal project. At the same time the projects Communication and Consultation Strategy was reviewed to ensure that groups that are not directly involved in the project or with their local housing management organisation are regularly updated on progress in appraising options and provided with opportunities to engage with the appraisal of options.

**Current position**

- 4 A report will go to the Council's Cabinet on 12 December 2012 that sets out the findings of the option appraisal, outcomes of consultation and makes a recommendation on the most suitable option for the future of the housing stock.
- 5 The council is committed to engaging and consulting with a variety of stakeholders throughout the stock option appraisal process to inform its decision making. The council has identified key stakeholders as being tenants and leaseholders, staff, Board members, Councillors and other local partners.

6 The Council has implemented a comprehensive Communication and Consultation Strategy and a Tenant Empowerment Statement and all key stakeholder groups have been actively engaged in the identification, appraisal and selection of options for consideration by the council.

7 Extensive consultation on the future of Council owned housing was undertaken with all stakeholder groups throughout 2011 and 2012. This work has enabled the formulation of a shared vision for council housing and has defined and prioritised a set of eight key objectives that options must achieve. The vision is:

*“To ensure long term investment in council housing, neighbourhoods and housing services in County Durham. Investment should drive positive social and economic change; create opportunities for a better quality of life; contribute to the generation of wealth and the growth of thriving communities in vibrant villages, towns and the city.”*

8 The vision will be delivered through eight key objectives. Tenants have prioritised the importance of the objectives as:

- Bringing long term funding to support the improvement and repair of high quality, affordable homes.
- Protecting tenant’s rights.
- Delivering a good return of new social housing.
- Local presence and management of housing services.
- Meeting regeneration needs.
- Achieving comparable quality between council owned homes and those of other Registered Providers (RPs).
- Improving communication between the owning organisation and tenants.
- Strengthening customer involvement in services.

9 Consultation has also highlighted multiple organisational, cultural and social issues that stakeholders have asked the council to consider when selecting options. Key issues include:

- The continued delivery and maintenance of improvement programmes is of paramount importance. Tenants also wish to see more investment in the improvement and diversification of services (to manage imminent welfare reform) protection of key rights and fairness in the services they receive for the rents they pay.

- All stakeholder groups displayed a strong sense of local identity. Dale & Valley Homes, Durham City Homes and East Durham Homes are well established as successful local brands and are intrinsically linked to ideas of localism. Throughout consultation stakeholders have expressed a preference for the council to preserve these familiar and trusted brands when selecting options.
- All stakeholder groups were very clear that no one area should be disadvantaged when the council makes its final decision on the future of its housing stock. The council should consider implications for the whole of the housing stock when identifying the best option or options for the future of its homes, if it is to demonstrate fairness in its decision making.
- Throughout consultation, stakeholders consistently showed a high degree of anxiety that transfer of the housing stock to an existing Registered Provider may see the dissolution of existing brands and a reduction in the quality of local services. Stakeholder concerns about the implications of transfer to an existing RP varied from a loss of employment security and the removal of local accountability structures to the redirection of much needed investment from County Durham to other areas of the country.
- Stakeholders asked that the option appraisal seek a future for council housing that is about more than home improvement programmes. Options should make the quality of homes, neighbourhoods and services consistent; simplify complicated ownership and management issues prevalent in social housing in the area; and seek to transform the economy in County Durham. Employment and training opportunities should be created and safeguarded; new affordable homes should be built to meet local needs (particularly for older people); and services that support communities and families in managing welfare reform and its implications should be strengthened and diversified.
- The council must be sure that options are deliverable i.e. they must be able to achieve stakeholder support. The council must consider cultural, political and organisational issues when appraising options and balance these with financial viability.

## **Next steps**

- 10 The findings of consultation on options for the future ownership, financing and management of council homes will be combined with the outcomes of detailed financial analysis of the Housing Revenue Account Business Plan. A final report on the conclusions of the stock option appraisal will be submitted to the council's Cabinet on the 12 December 2012.
- 11 Governance arrangements and the Communication and Consultation Strategy will be reviewed to ensure that all stakeholder groups continue to be provided with a variety of opportunities to be involved in delivering the council's preferred option for the future of its homes.
- 12 The Economy and Enterprise Overview and Scrutiny Committee will continue to receive further updates in relation to progress in implementing the council's preferred option for the future of its homes.

## **Conclusion**

- 13 The option appraisal process has progressed significantly since the project was considered by Overview and Scrutiny Committee in July 2012 and will be completed by December 2012.
- 14 The project has engaged with stakeholders across County Durham and will continue to engage as it implements the preferred option for the future of council housing. This will help the Council to ensure that its final decision on the future of its homes is informed by the views of its communities.

## **Recommendations**

- 15 That the Members of the Economy and Enterprise Overview and Scrutiny Committee comment upon progress in the option appraisal, outcomes of consultation on the future ownership, financing and management of the council's housing stock.
- 16 That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress update in relation to the Stock Options Appraisal project at a future meeting.

## **Background Paper(s)**

Housing Stock Options Appraisal report (Economy and Enterprise Overview and Scrutiny Committee) 6 July 2012.

Information provided in member's seminar on 4 October 2012.

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<b>Author:</b>	<b>Marie Roe, Stock Option Appraisal Project Manager</b>
<b>Tel:</b>	<b>03000 261 864</b>

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## **Appendix 1: Implications**

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**Finance** - The stock options appraisal project will be funded from the housing revenue account.

**Staffing** - The project will be managed by Marie Roe, Housing Stock Options Appraisal Manager.

**Risk** - The Authority is running a significant risk of poor quality homes and services if it does not identify an appropriate solution for the long term financing of improvements to its stock.

**Equality and Diversity** - One of the stock options appraisal project's key objectives will be to address inequality in the quality of housing.

**Accommodation** - None.

**Crime and Disorder** - Crime and disorder reduction targets will be reflected in the stock option appraisal's objectives.

**Human Rights** - None.

**Consultation** - Extensive consultation is to be undertaken with key stakeholders.

**Procurement** - An independent Tenant Adviser has been appointed via the procurement process for the duration of the project.

**Disability Issues** - Appropriate opportunities for all stakeholders to contribute to the stock options appraisal will be provided.

**Legal Implications** - Significant legal implications for the Council in terms of the future management and ownership of its housing stock.

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**MINUTES**

<b>Meeting</b>	County Durham Economic Partnership Board
<b>Date of Meeting</b>	Monday 30 July 2012
<b>Time of Meeting</b>	1pm
<b>Venue</b>	Committee Room 1B, County Hall

**Attendees:**

Ken Jarrold	Chair
Tarryn Lloyd Payne	DCC, Principal Strategy & Partnerships Officer
Cllr Neil Foster	Cabinet Portfolio Holder for Economic Development and Regeneration
Jonathan Walker	North East Chamber of Commerce
Brian Manning	Esh Group/Chair of Employment and Skills Group
Sue Parkinson	
DCC, Economic Regeneration Manager	
Andy Palmer	DCC, Head of Strategy, Programmes & Performance
Barbara Gubbins	Chair of the Business and Enterprise Working Group
Sarah Robson	Chair of Place Shaping Working Group
Graham Wood	County Durham Community Foundation
Ivor Stoliday	Visit Durham
Elaine Richardson	Jobcentre Plus (representing Paul Chapman)
Annette Harrison	Jobcentre Plus
Clare Marshall	DCC, Principal Partnerships & Local Councils Officer
Geraldine Wilcox	Derwentside Homes
Ruth Robinson	DCC, Strategy, Programmes & Performance
Diane Close	DCC, Overview & Scrutiny Officer
Feisal Jassatt	DCC, Overview & Scrutiny Manager
Cllr John Moran	Chair of the Economy & Enterprise Overview & Scrutiny Committee
Catherine Johns	DCC, Business Growth Team Leader

**1. Welcome**

Ken Jarrold welcomed everyone to meeting and initiated round table introductions.

**2. Apologies**

John Widdowson	Chair of the Employment and Skills Executive Group
Ray Hudson	Durham University
Cllr Eddie Tomlinson	Chair of Rural Working Group
Stewart Watkins	Business Durham
Paul Chapman	Jobcentre Plus
Melanie Sensicle	Visit County Durham
Ian Thompson	Director of Regeneration and Economic Development

### 3. Minutes of the Last Meeting

The minutes were agreed as an accurate record.

### 4. Matters Arising

**Page 2 – Item 3 – Matters Arising – Northumberland Arch Project** – This is currently being examined as a good practice model. A report will be submitted to the Board later this year.

**Page 3-4 – Item 6 – Employment Report** – It was confirmed that the B&EWG have examined the likelihood of increased support for New Enterprise Allowance and findings have been supplied.

**Page 4 – Item 7 – Employability & Apprenticeships** – Graham Wood confirmed that 129 apprenticeship positions have commenced across 18 different organisations throughout the county.

**Page 4-5 – Item 8 – Welfare Reform** – Andy Palmer will present an analysis of the impact Welfare Reform is having on the economy at a future appropriate Board meeting.

#### Action:

Andy Palmer to present an analysis of the impact Welfare Reform is having on the economy at a future appropriate Board meeting.

**Page 5 – Item 9 – Lumiere Evaluation** – Cabinet have agreed that DCC will host the Lumiere event again in 2013.

**Page 5 – Item 12 – Regeneration Statement** – To be discussed under agenda item 13.

**Page 6 – Item 13 – EU Funding 2014/2020** – It was confirmed that the EU Structural Fund Proposals presentation has been circulated.

**Page 6 – Item 15 – Business Coaching for Growth** – The presentation was circulated with the minutes.

**Page 6 – Item 16 – Transport Working Group** – The preferred option of a Transport Executive Group will be outlined in the Working Group Chairs report.

### 5. Chairs Remarks

Ken Jarrold made the following observations:

The Hitachi contract has been signed and more jobs are forecast than initially anticipated. Thanks were given to all those involved in the venture.

Despite the economic situation still being dire, there is still continued growth in private sector employment.

Personal Reflection:

Ken served 2 terms as Chair of the Board, from 2006 to 2012. During the early stages of his Chairmanship, only 1 private sector representative was on the Board, but private sector representation has steadily grown over the years. Membership now also includes a senior representative from Durham University and good

relationships have been established with Jobcentre Plus, who now play a crucial role in the work undertaken by the Board.

Ken indicated that he considered resigning as Chair of the Board in 2009. However, changes in the council including a new Leader and Chief Executive had much improved the situation and after a meeting with the Chief Executive, he decided to continue as Chair.

The global economic crisis had created a very challenging position and it has been difficult to make much progress because of the lack of funding. Nevertheless, the Board has a clear strategy with a strong policy context and a strong focus on the skills agenda.

Ken paid tribute to Sue Parkinson in her role as Chair of the Business & Enterprise Working Group and Vice Chair of the Board. He described Sue as the heart and soul of the CDEP.

There has been an improvement in GCSE results, which is excellent however qualifications by themselves do not guarantee employability and Ken hoped that the work to link education and employers, including learning the Business, would be re-established.

Business Durham created this year can play a key role in economic development and there needs to be a strong link to the Board. It was noted that the new Chair, Brian Tanner has been very involved in work undertaken by Business Durham.

Ken then concluded with thanks to all who have supported him over the years and expressed his best wishes to everyone.

## **6. LEP and Growing Places**

Sarah Robson provided an update in Ian Thompson's absence:

The LEP business plan discussed at the July Board meeting will be complete in September 2012. The plan will be reviewed independently.

A number of projects have been supported through the Growing Places Fund. Success stories include DurhamGate and Amazon Park. It was noted that the A19 Low Carbon Scheme has also been supported, although this is not in County Durham. Assessment work is to be undertaken on the reserve projects. The Investment Panel will meet again in September 2012 to make final recommendations.

A sum of £45M through the Regional Growth Fund has been made available to assist in unlocking economic growth. The Investment Panel meeting will be held shortly to examine criteria based on LEP priorities.

Advanced Manufacturing is predominantly with the automotive sector. It was noted that Nissan are drawing up a bid with the NECC.

Ken Jarrold recommended that Edward Twiddy, NELEP Director attend the next Board meeting in November 2012. Sarah agreed to invite Mr Twiddy.

### **Action:**

Sarah Robson to invite Mr Twiddy to the Board Meeting on 5 November 2012.

## **7. Employment Report**

Elaine Richardson spoke about the report previously circulated outlining employment statistics and information for July 2012. JSA claimants have fallen for the fourth consecutive month. It was noted that there has also been a fall in claimants aged between 18-24 year olds.

Recorded information on the JobCentre Plus system signifies there has been growth in vacancies both regionally and nationally, with a significant increase in private sector employment. It was noted that this only accounts for a third of all job vacancies.

The GDP has decreased to 0.2% so there is a requirement for more intervention work with young people.

Based on data available on the JobCentre Plus system, 14,590 jobs have been sought compared to 2,494 in May 2012. It is believed that the considerable increase may be due to the fact that many people are registering as seeking several different occupations as efforts have been made to encourage people to broaden their aspirations and raise awareness of the current labour market.

There have been substantial job losses in East Durham, particularly in the food industry. JobCentre Plus has increased resources to help people in this area, including the support of interpreters as many of those affected do not speak fluent English. It was noted that data available from Indeed illustrates a broader representation of employment information. It was also mentioned that JobCentre Plus expects customers to travel a 90 minute travel zone for jobs. Travel Workshops have been arranged as it is acknowledged that this may prove difficult for those with low income jobs.

Reference was made to the significant increase in vacancies and it was suggested that this may be due to advertisement duplication. Annette Harrison advised that customers will soon be able to access all vacancies on their system soon and thus provide clearer analysis.

Ken Jarrold commented that the report was excellent and provided a very good basis for discussion. It was queried by Graham Wood which sectors have filled vacancies. Annette Harrison confirmed that the sectors that are mainly filling vacancies are contact centres and care.

Andy Palmer advised that there has been a national debate in relation to employment figures rising, but conflicts with the country's GDP. He then queried if there is an adjustment for seasonal jobs. Andy was also of the view that employment figures will never be completely accurate due to some vacancies being filled through "word of mouth". Annette confirmed that employment figures are rising, but mainly through part-time vacancies and could explain the disparity in employment figures and GDP. Elaine Richardson agreed to complete an analysis over the last few years to determine the seasonal adjustment. Consideration will also be given to 16-24 year olds as there is always an increase in vacancies in September.

**Action:**

Elaine Richardson to analyse employment figures over the last few years to determine seasonal adjustment.

Graham Wood noted that the City Skills Strategy operates across the whole LEP geography in an attempt to fill the labour market gap. Work is currently being undertaken with all LEP North East Local Authorities.

Barbara Gubbins indicated that she is aware of an organisation that has been attempting to recruit 150 vacancies. However, no applications were received for

those between the ages of 25-50. The organisation made verbal contact with candidates the day prior to interview, all of which confirmed they were attending, but 5 candidates did not attend.

Annette advised that JobCentre Plus can impose sanctions by loss of benefit to job seekers who do not attend for interview, but they need to be informed by the organisation concerned.

Ivor Stoliday is aware that smaller firms are constantly proclaiming they are unable to fill vacancies, especially those in the hospitality and tourism sector. Applicants regularly do not turn up, do not stay in the post very long or do not have the right skills. Graham Wood revealed that the labour market has low soft skills, which is a requirement in the tourism and hospitality industry.

Ken remarked that he was sad to hear of the closure of Cumbrian Seafoods. Ken then added that the vacancies advertised for administrative and sales are particularly low. It was suggested by Annette that this is due to them being advertised through other channels.

Ken then concluded by referring back to the comment made in relation to the 90 minute travel zone job seekers are expected to travel for jobs and that in his view 90 minutes on public transport will not always take passengers far.

## **8. Appointment of CDEP Board Chair**

Professor Brian Tanner has been appointed as the new Chair of the CDEP Board through the CDEP Chair Appointment Committee, which consisted of Sue Parkinson, Ray Hudson, Brian Manning, Andy Palmer, Barbara Gubbins and Peter Chapman. The panel agreed unanimously that Brian was an excellent candidate. He has strong links with Durham University and NETPark and is directly involved in Kromek and other businesses. Ken Jarrold thanked Sue and the rest of the Committee in their efforts to secure the appointment.

## **9. EU Structural Fund Update**

Andy Palmer updated the Board on the new programme proposed for 2014-2020. It was noted that the new category 'transition region' is still outlined in the regulations. The European Finance Committee met recently to discuss the proposal from Germany to delete this category, but this was not agreed.

The intervention rate has increased to 75% and a number of protections have been set to some EU member states, which involves less allocation, but more flexibility on how the fund is spent. The 75% intervention rate permits the requirement to acquire 25% of funds locally.

Andy met with MEPs recently and another meeting has been arranged for September 2012. Andy will also be attending the Open Day in Brussels.

An allocation of 40% of total spend has been set for ESF. Collaboration with the Tees Valley LEP will commence when the overall programme is further developed.

Andy then concluded that the EU budget is not expected to be announced until the end of 2012 at the earliest, which would imply that the programme will not be released until 2015.

## **10. Visit County Durham**

Ivor Stoliday provided the Board with recent developments of the Visit County Durham Board. Members of the Board, which is private sector led, include Ian

Thompson, Sarah Robson and Sue Parkinson who has held the role of Vice Chair for 6 years, but intends to retire soon.

A main remit of the Visit County Durham Board is to attract people to the county and ensure they have the best possible experience when they come. An independent review found that the annual visitor economy is £6Bn. The Durham Pocket Guide has been produced and it is believed that this contributes considerably to the economy. The organisation has several websites including Visit County Durham and This is Durham.

Visit England has listed Durham as 1 of 16 permanent visitor destinations and images of Durham are on their publicity material. A sum of £450k has been allocated from the RGF for marketing and a further pot of money has been allocated from the Visit England budget for marketing purposes.

A new mobile application for This is Durham is available, as well as a new visitor information network, which has been produced in collaboration with 30 partners. The visitor information network is used through a touchscreen facility through the Tourism Information Board highlighting over 300 destinations. Research has indicated that people enquire about attractions when they arrive at their destination so the mobile application should prove a very useful tool.

Visit County Durham has been involved in many success stories, including the Streets of Durham Festival and the Bishop Auckland Food Festival, which attracted more than 20,000 people. Visit County Durham also played a key role in delivering the Lumiere event, which attracted 150,000 visitors in 2011, compared to just over 100,000 the previous year.

It was noted that tourism businesses are performing well, despite weather conditions. Business tourism is also functioning well, with the Radisson Hotel reporting record bookings.

Cllr Neil Foster recently met with Bishop Auckland College to discuss engagement with businesses. A scheme is currently being explored to ascertain how to sell Durham and surrounding areas around the courses the college provides. Cllr Neil Foster also commented that he observed a clip of Durham during the screening of the Olympic broadcast.

Ken Jarrold supported the close working relationship between the Board and the Visit County Durham Board and concluded that Visit County Durham is vital to the future of County Durham.

## **11. Increasing the Employment Opportunities of Young People Aged 18-24 in County Durham**

Cllr John Moran thanked the Board for his invitation to the meeting. He then acknowledged that young people and unemployment is a priority for DCC. A report titled Increasing Young People's Employment Opportunities (18-24) within County Durham was presented to Cabinet on 20 June 2012 and was very well received. Please use attached link to access report (item 7):

<http://democracy.durham.gov.uk/ieListDocuments.aspx?CId=154&MIId=4537&Ver=4>

Commitment has been received from partners to develop employment opportunities for young people in engineering and manufacturing. Cllr John Moran also recognised the challenges for young people commuting to and from rural areas.

Diane Close then delivered a presentation outlining the review undertaken by Overview & Scrutiny. The review was undertaken after quarterly performance monitoring highlighted an increase of unemployment in 18-24 year olds.



Part of the review focussed on what training organisations, colleges and JobCentre Plus are currently providing to support young people. The NECC also fed their comments from their partners.

Following the review, 12 recommendations were made. One being that key stage 4 pupils need an awareness of work experience. This will be achieved through educating them on initiatives such as the Business Magnates Scheme. The review also found that employers require employees with soft skills. DCC will examine how they can further develop the apprenticeships offer within the county with organisations.

It was recognised that a lot of work has been achieved by partners to provide information, advice and guidance to young people and it has been recommended that this should continue. A Technical Training Foundation pilot has commenced focussing on providing teachers with the correct materials and information to teach design and technology.

Diane then discussed key asks of the Board, which are listed on slide 6 of the attached PowerPoint presentation. The Review Working Group intends to conduct a systematic review early next year.

Sarah Robson commented that the review was a very useful piece of work and thanked the Overview & Scrutiny Team.

Sue Parkinson advised that Voluntary Organisations' Network North East (VONNE) have recently been allocated lottery funding targeted at LEP areas through a partnership approach to increase employment opportunities for young people. A meeting is required with leaders of the partnerships to take forward. Clare Marshall confirmed that a partnership approach is a key issue that will be discussed at the County Durham Partnership Away Day scheduled for 6 September 2012. The outcome of the discussions at the Away Day will be reported back at the November Board meeting.

**Action:**

Feedback from the County Durham Partnership Away Day to be provided at the November Board meeting.

Barbara Gubbins is aware that Women in Leadership Durham (WILD), which includes members such as the Chief Executive of Northumbria Water are considering organising mentoring opportunities and intend to liaise with Schools. Ken Jarrold confirmed that Graham Wood would be the best key contact in DCC to initiate the liaison with Schools.

**Action:**

Barbara Gubbins to contact Graham Wood to initiate liaison with Schools for mentoring opportunities.

Catherine Johns advised that Business Durham have just completed a 3 year youth engagement programme at NETPark.

Ken Jarrold advised Overview & Scrutiny that Graham Wood would also be the key contact for their systematic review as he will be able to provide an audit trail. Ken then added that the findings from the systematic review would be advantageous if discussed at the April Board meeting. It was agreed that Overview & Security would return in April to provide an update to the Board.

**Action:**

Systematic Review of the 12 recommendations to be tabled for April 2013 Board meeting.

Ken then thanked Overview & Scrutiny for providing the presentation and commented that it is a very helpful report. Cllr John Moran concluded that he intends that engagement with Derwentside Homes, Derwentside College and other organisations should continue.

## **12. Sustainable Community Strategy**

Claire Marshall and Donna Jefferson attended the Board in 2009 to discuss the strategy, which runs to 2030 and is reviewed every 3 years. As the strategy was initially produced in 2009 when there was government change, some minor changes had been made to the document. The high level themes and objectives will be revisited at the forthcoming County Durham Partnership Away Day. It was noted that Sue Parkinson will be attending the Away Day on behalf of the Board. The findings from discussions at the away day will then be reviewed with the 5 thematic partnerships.

The outcomes of the review for 2013-2016 will be signed off in September 2013. Claire then concluded that she intends to attend the Board meeting in November 2012 to provide feedback from the away day and again an appropriate future Board meeting for partners to agree the high level objectives and the CDEP responsibilities.

### **Actions:**

CDP Away Day Feedback to be tabled for November Board meeting.

Agreement and sign off of high level objectives and CDEP responsibilities to be tabled for an appropriate future Board meeting.

## **13. Regeneration Statement**

Andy Palmer spoke to the document previously circulated, which is a refresh from the first document published in 2009. The final draft was consulted upon through the Limehouse system and was agreed at Cabinet on 24 July 2012. Please click here to access Cabinet report (item 3):

<http://democracy.durham.gov.uk/ieListDocuments.aspx?CId=154&MId=6668&Ver=4>

The new statement places more of an emphasis on people and employability due to the impacts of welfare reform. Andy then referred to page 14 of the strategy document, which outlined the key ambitions and objectives which will remain the same. However, the approach is centred round capitalising opportunities and stimulating the economy. A key measure is employment as this has dropped from 73% in 2008 so there is a need to assist 30,000 more people into employment to bring back to pre-recession levels. A further 30,000 new homes will need to be built to accommodate this.

The statement correlates with the County Durham Plan, which outlines spatial planning for the county to allocate land for various developments such as business and residential. The County Durham Plan will be consulted upon shortly.

Once final approval has been received for the statement, the aims and objectives will be aligned to the Altogether Delivery Plan. Andy then thanked everyone for the work they have contributed into the statement over the last 8 months.

The Board agreed and endorsed the County Durham Regeneration Statement.

## **14. Business, Enterprise & Skills Strategy**

Graham Wood spoke to the paper previously circulated, which was written with considerable input from the Board.

Ken Jarrold recognised that the strategy has significantly improved from the last strategy and then referred to the council's recent peer review and that it had been possible to demonstrate to peers that there is clear direction and a robust strategy to endorse the delivery.

The Board agreed and endorsed the Business, Enterprise & Skills Strategy.

## **15. Working Group Chairs Update**

### *Business and Enterprise*

- The Board's RGF bid, which is a 2 part process, has been submitted and the outcome should be known in September 2012.
- NEFRAN have successfully acquired funds from Defra. The group liaised closely with Northumbria County Council to help secure the money.
- Business attrition rates have been circulated.
- A representative from a business support programme has approached the group to seek support from the Board to submit a funding bid. The group have agreed to provide support on behalf of the Board.
- Sue Parkinson has completed a fact finding exercise relating to integrating skills within the BEWG. Sue then intends to write a set of proposals based on her findings.
- NSBL have requested for an endorsement of their ERDF extension, which has been agreed.

### *Place Shaping*

- A discussion was held on affordable housing.
- Updates were provided on the Durham City Delivery Plan, RGF activity, the Coastal Communities Fund and the Tourism Delivery Plan.

### *Housing*

- The County Durham Housing Forum met on 25 July 2012, which was themed around Altogether Wealthier. Stewart Watkins provided a presentation, which proved to be in good timing as the Hitachi deal had been agreed earlier that day.
- An update was provided on the Housing Stock Options Appraisal, which is necessary as a result of Council Housing Subsidy System being reformed to self financing.
- Governance arrangements have been agreed by Cabinet for the 4 Welfare Reform Groups.
- A Joint communications plan is to be established between the Welfare Reform Housing Implications Group and the County Durham Housing Forum.
- Spatial Policy provided a brief presentation on the County Durham Plan. A more detailed presentation will be delivered at the next Forum meeting in September 2012.
- Performance updates were presented based on the Housing working groups
- Geraldine Wilcox agreed to provide a presentation on additional new housing and the impact of welfare reform for the new Chair of the Board.

### **Action:**

Geraldine Wilcox to provide a presentation to the new Chair on additional housing and the impact of welfare reform.

#### *Voluntary and Community Sector*

- A contract for infrastructure report has been submitted to Durham Business Council and will be reviewed on an ongoing basis.
- Due to redundancies as a result of mergers and closures of organisations more people are enquiring about undertaking voluntary work.
- VONNE continue to provide updates on progress within the voluntary sector and are available on their website. See attached link to their website: <http://www.vonne.org.uk/home/>
- NESF Partnership is delivering a £1.4M project aimed at supporting people back into work. Findings have indicated lack of opportunities in County Durham.
- Local Giving initiative has been launched to provide training for on-line marketing and fundraising techniques. Opportunities will be fund matched for up to £0.5M from September during the matching period.

#### *Transport*

- The terms of reference developed for the new Transport Executive Group have been agreed following further discussions with a focus looking at travel to employment issues with wider infrastructure considerations being developed across working groups.

#### **16. Any Other Business**

- Ken Jarrold expressed his gratitude to Joanne Willey and Joanne Redshaw for all their support to the Board over recent years.
- Cllr Neil Foster, on behalf of the Board, conveyed his appreciation to Ken for his Chairmanship to the Board over the last 6 years. Cllr Foster then added that Ken focussed on what the Board needed to accomplish and how it was to be undertaken. He continually engaged with people and informed them on development. Ken was then presented with some gifts from the Board. Ken then thanked the Board for the gifts and kind words.

#### **17. Date and Time of next meeting**

Monday 5 November 2012 at 2pm in Committee Room 1A, County Hall.