



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

**Date**            **Thursday 6 October 2011**  
**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 15 July 2011. (Pages 1 - 16)
2. Declarations of Interest, if any.
3. Items from Co-opted Members or Interested Parties, if any.
4. Media Relations:  
Presentation by Vanessa Glover, Media Relations Manager, Assistant Chief Executive's.
5. Quarter 1, 2011/12 Performance Management Report: (Pages 17 - 28)  
Presented by Graham Tebbutt, Customer and Services Intelligence Manager – Report of the Assistant Chief Executive.
6. Forecast of Revenue Outturn, Quarter 1, 2011/12: (Pages 29 - 40)  
Presented by Azhar Rafiq, Finance Manager, Resources – Joint Report of Corporate Director Regeneration and Economic Development and Corporate Director Resources.
7. Durham City Homes - Update on progress made in relation to recommendations contained in the Scrutiny Review Report 2010: (Pages 41 - 54)
  - (i) Report of the Assistant Chief Executive.
  - (ii) Action Plan – presented by Simon Bartlett, Durham City Homes Manager, Regeneration and Economic Development.

*P.T.O.*

8. Economy and Enterprise Overview and Scrutiny Review - Increasing Employment Opportunities of Young People (18-24): (Pages 55 - 70)
  - (i) Report of the Assistant Chief Executive.
  - (ii) Terms of Reference and Project Plan – Increasing Employment Opportunities of Young People (18-24).
9. 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  
27 September 2011

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, C Carr, J Cordon, B Graham, B Harrison, J Hunter, P Jopling, R Liddle, C Potts, J Rowlandson, B Sloan, P Stradling, Andy Turner, M Wilkes, M Williams and A Willis

**Co-opted Members:**

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

**DURHAM COUNTY COUNCIL**

**ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE**

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2 - County Hall, Durham** on **Friday 15 July 2011 at 10.00 am**

**Present:**

**Councillor J Moran (Chair)**

**Members of the Committee:**

Councillors A Naylor, J Armstrong, B Arthur, A Barker, B Graham and M Wilkes

**Co-opted Members:**

Mr T Batson, Mr A Kitching and Mr D Lavin

**Apologies:**

Apologies for absence were received from Councillors C Carr, J Cordon, J Hunter, P Jopling, R Liddle, Andy Turner, M Williams, A Willis and Mrs O Brown and Mrs A Harrison

**Also Present:**

Councillor A Cox

**A1 Minutes of the meeting held 2 June 2011**

The minutes of the meeting held on 2 June 2011 were agreed by the Committee as a correct record and signed by the Chair.

The Chair noted that Councillor M Wilkes had a matter he wished the Committee to note in respect of Minute A7, 2 June 2011. Councillor M Wilkes thanked the Chair and explained that he had been informed that 180 acres of green belt on the outskirts of Durham had been sold to a Developer for £10 Million. Councillor M Wilkes added that if this was indeed the case, why had Members not been made aware and also why was consultation on green belt deletions scheduled for September 2011. Councillor J Armstrong, Chair of Overview and Scrutiny noted that it was important to find out if indeed this was in fact the case. Councillor M Wilkes informed the Committee that he was scheduled to meet with the Corporate Director of Regeneration and Economic Development to discuss this matter. The Chair asked if Councillor M Wilkes would feed back to the Committee as regards this matter, Councillor M Wilkes agreed that he would be happy to do so.

The Overview and Scrutiny Officer, Diane Close reminded Members that in relation to Minute A7, 2 June 2011 a Special Joint Meeting of the Economy and Enterprise and Environment and Sustainable Communities Overview and Scrutiny Committees was held 6 July 2011 to allow Members to feed into the consultation on the County Durham Plan. Councillors were asked to note that in relation to Minute A8, 2 June 2011, Members had chosen the topic of Young People and Unemployment to be looked at by a Working Group of the Economy and Enterprise Overview and Scrutiny Committee. The Overview and Scrutiny Officer explained that a Special Meeting of the Committee had been arranged for 29 July 2011 to start a review on the topic of Young People and Unemployment, looking at the national picture, local priorities, schemes, funding and working with partner organisations.

## **A2 Declarations of Interest, if any**

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 Chair introduced the Media Relations Manager, Assistant Chief Executive's, Vanessa Glover to speak to the Committee as regards Media Relations. The Media Relations Manager noted the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee, namely Durham City Homes (DCH) having achieved the Decent Homes Standard through an investment of £20 Million over 5 years. Members were also informed that Barnard Castle Vision and Barney Guild were hoping to have all of the empty shop units in Barnard Castle filled by Autumn of this year.

The Media Relations Manager highlighted the "Buy Local, Buy Durham" scheme where the Council would have to accept at least one tender from a local firm in relation to contracts between £5,001 and £50,000. The Committee were reminded of workshop sessions relating to tendering on 19 and 22 July 2011 and asked to inform any local businesses of these opportunities.

Councillor J Armstrong added that perhaps a circular from the Organisational Development section to all Members would help to promote the sessions. Councillor M Wilkes noted that a previous Economy and Enterprise Scrutiny review had recommended that the scheme to encourage local tendering have an upper limit of £75,000 and perhaps this could be revisited by Overview and Scrutiny.

Mr T Batson asked if there was any guidance or mechanism for liaising with the Press. Councillor J Armstrong noted that this was the role of the Media Relations Team and the Media Relations Manager added that the Team had met with Journalists in order to explain that the Council wished to be open and transparent and asked for reporting to be fair and balanced, though accepting that reporting may not necessarily always be positive.

**Resolved:**

That the presentation be noted.

**A5 Quarter 4, 2010/11 Performance Management Report:**

The Chair introduced the Customer and Services Intelligence Manager, Graham Tebbutt who was in attendance to speak to Members regarding the Performance Management Report for Quarter 4, 2010/11 (for copy, see file of minutes).

The Customer and Services Intelligence Manager reminded Members that the report was specific to the Altogether Wealthier theme, linked to the Regeneration and Economic Development (RED) Directorate. Members were informed that there was only slippage on 6 of the Council Plan Actions, with 67 out of 73 being on track. Councillors noted that the establishment of stopover sites for gypsies and travellers was rescheduled for December 2011 and the action to attract more people to the library service was as per Quarter 3 reporting, due to the demise of the Active People Survey. Members heard that the action regarding the Thriving Durham City Action Plan was rescheduled for January 2012 and the Employment Land and Premises register, the connectivity between towns through infrastructure improvements, were now linked together for completion in June 2011, rather than March 2011.

The Committee heard that the key risk to delivering the objectives of the Altogether Wealthier theme was the loss of Area Based Grant (ABG) funding, namely the objective to narrow inequality and deprivation.

The Customer and Services Intelligence Manager explained to Members that the RED service, with the exception of the Housing Service and Care Connect, had been issued with Section 188 letters as part of ongoing restructure process. Councillors noted that consultation would be until 8 August 2011, with the agreed new structure to come into effect September/October 2011. The Committee was informed that there was the addition of several core functions to the RED service, including the transfer of rent collection staff from Resources to Durham City Homes (DCH) and staff from Assets to Economic Development and Planning. Members also learned that the Tourism function now sat with the RED service, under the Head of Economic Development, Sarah Robson.

Councillors were reminded of the successful bid by the consortium "Agility Trains" to construct the trains for the inter-city express programme and the decision by Hitachi to have the assembly plant at Amazon Park, Newton Aycliffe.

Members learned that the World Heritage Site Visitor Centre was now completed and that the Council was continuing to liaise with Partners regarding support for cultural events such the Brass Festival and Lumiere.

The Committee noted that a draft Development Brief for the North Road area of Durham City would be available from June 2011 and a web-based driver information system, updating the public on traffic congestion in the City, would now be piloted in September 2011.

The Customer and Services Intelligence Manager explained that the extension to the Park and Ride at Belmont was at the design stage, with construction anticipated to begin December 2011. Members were asked to note that feasibility studies were being undertaken as regards a proposed rail station on the east coast and the redevelopment of Seaham Dock was progressing well.

The Committee noted that Local Transport Plan 3 (LTP3) had been published on time and that the Local Enterprise Growth Initiative (LEGI) as operated by Be-Enterprising had funding through until September 2011, with final reports from the scheme expected by early 2012. Members learned of the Regional Growth Fund (RGF) bids for the North East with 2 being from the County, Cumbrian Holdings, Seaham and Durham County Cricket Club, Chester-le-Street.

The Customer and Services Intelligence Manager gave Members an overview of the performance highlights including:

- The number of affordable homes increasing from 87 in Quarter 3 to 369 in Quarter 4, noting that this was as a result of better data capture
- The number of new homes completed in Durham City had increased from 151 in Quarter 3 to 281 in Quarter 4
- The Decent Homes Standard had been achieved for DCH, with Dale and Valley Homes (DVH) being at approximately 95%, whilst East Durham Homes (EDH) was 77%. Members were reminded of the differing “standards” across the three organisations and that EDH had met their target of making 600 homes decent within the year
- The overall employment rate for the County had increased to 66.6%, equal to the regional average, though still less the national average of 70.4%
- The number of people claiming Job Seekers’ Allowance (JSA) had decrease by 999, giving 13,199 or 4% which is lower than the regional average of 5%, though higher than the national average of 3.8%.
- The number of 18-24 year olds claiming JSA was 4,715, 35.7% of the total JSA claimants. Members noted concern as regards the discontinuation of the Future Jobs Fund (FJF) which focuses on JSA claimants within this age group.

Councillors noted that 4 performance indicators (PIs) were behind, with 8 being on track. The Customer and Services Intelligence Manager explained that National Indicator (NI) 154, the net additional number of homes provided was behind target, though revocation of the Regional Spatial Strategy (RSS) meant that new targets would be developed via the County Durham Plan (CDP). The Committee noted NI 155, number of affordable homes delivered, was above target, as was REDPI 10, the number of affordable homes as a percentage of the total completed. Members recalled the figures relating to Decent Homes Standard, NI 158 and REDPI 3 the number of new homes completed in Durham City. The Customer and Services Intelligence Manager reiterated the figures regarding REDPI 7, the number of 18-24 year olds claiming JSA in contrast to the figures for REDPI 8, the number of 18-24 year olds claiming JSA for one year or more which had reduced.

Members were informed this could be for a number of factors, including changes in eligibility for claims.

Councillors noted those PIs that had no change in the last period, together with exceptions from the Council Plan that were within the Altogether Wealthier theme, as previously mentioned within the summary.

The Chair thanked the Customer and Services Intelligence Manager for the report and asked for clarification as regards the Section 188 letters given to RED staff. The Customer and Services Intelligence Manager explained that these were a statutory requirement, a letter issued to Unions notifying them when a section or department are proposed for restructuring.

Councillor J Armstrong noted that in general performance was encouraging though the issue of 18-24 year olds claiming JSA was a concern, and reminded Members that the topic of Young People and Unemployment had been chosen as a topic for a Scrutiny review by a Working Group of this Committee.

Councillor M Wilkes noted that he would be keen to have figures relating to the number of empty homes and felt that it would be preferable to bring empty homes back into use rather than simply building new homes. The Customer and Services Intelligence Manager noted he had figures relating to empty homes and that work was ongoing as regards around 200 empty homes, 158 within regeneration areas, 40 outside of regeneration areas. Councillors noted that the latest figures showed that 48 properties had been brought back into use against a target of 50 for Quarter 1, with the 2011/12 target being 80 properties. Councillor M Wilkes asked of the 48 properties brought back into use, what was the split between Local Authority properties and those in private ownership. The Customer and Services Intelligence Manager noted 14 were Registered Social Landlords, 13 were landlords operating under the licensing scheme, and 21 not registered. The Stock Option Appraisal Manager, Marie Roe noted that turnaround of empty housing stock owned by the Authority was relatively straightforward, with private landlord being more difficult. Members noted that there was some grant funding available to support this which could be combined with work by the Council's Under-occupancy Officer.

Councillor M Wilkes asked whether the turnaround figures relating to empty homes was available for the Local Authorities housing stock, Officers noted they were not within the information to hand, however, could be sought out for Members.

Councillor B Arthur noted with disappointment that local people were not necessarily guaranteed jobs through schemes that were grant funded to boost businesses and employment. Councillor J Armstrong agreed, noting that employers were able to choose those they felt would prove to be the best employees.

Mr T Batson asked for clarification on the definition of "affordable homes". The Customer and Services Intelligence Manager explained that the definition was changing and would provide Members with updates accordingly. Members were reminded that currently, those properties designated as "affordable" through the planning process retain that definition in perpetuity. Officers explained that future definition would be for a "median average rent for an area" as being the "affordable" criteria.

The Customer and Services Intelligence Manager added that “social housing” was another set of criteria and was in itself different to “affordable housing”.

Councillor B Graham asked whether there had been any problems in families in the area getting access to mortgage rescue funding. The Stock Option Appraisal Manager added that she did not know of any expressions of interest to access the scheme. The Customer and Services Intelligence Manager added that it may be useful to speak to the Social Inclusion Team and report back to Members regarding the uptake of the Government scheme within the County.

Councillor E Tomlinson noted concern that in some cases, Developers were looking to give a capital sum in place of a number of properties being designated as affordable homes.

**Resolved:**

That the report be noted.

**A6 Outturn 2010/11:**

The Chair introduced the Finance Manager, Azhar Rafiq who was in attendance to take Members through the summary report relating to the Outturn 2010/11 for the RED Service Grouping, together with a presentation giving the main highlights (for copies, see file of minutes).

The Finance Manager explained that there were 3 separate budget accounts in relation to RED, the General Fund Reserve, Capital Budget and the Housing Revenue Account (HRA) and they together formed the RED budget, 27% of the total Council budget.

Members learned that the gross General Fund was around £95 Million, the HRA around £54 Million and the Capital being approximately £121 Million. Councillors noted that RED was the largest spending Service Grouping, and the Finance Manager added that this was encouraging in relation to the regeneration ambitions of the Authority.

In relation to the General Fund Revenue budget, Members learned that the RED General Fund represented 12% of the Council’s total General Fund and set out the summary for RED by Head of Service for 2010/11:

<b>Head of Service</b>	<b>Cash Limit £'000</b>	<b>% variance</b>
Policy, Planning, Performance	-11	-1%
Economic Development	-1,098	-4%
Housing	-424	-8%
Planning	-411	-6%
Transport	-35	-
Central	-412	-8%
<b>Total RED</b>	<b>-2,391</b>	<b>-4%</b>

The Finance Manager explained the variances as set out on pages 37 and 38 of the agenda papers set out the major issues associated with each Service. Members were asked to note that the Economic Development service included ABG/Working Neighbourhood Fund (WNF) monies that would be ending this year.



In relation to Transport, the Finance Manager explained that the concessionary fares scheme was a large part of the Service, £10.5 Million.

The Committee noted that the HRA related to the revenue expenditure and income relating to the Council's housing stock of 18,854 properties across 3 areas managed by the Council via Durham City Homes (DCH), and also the two Arms Length Management Organisations (ALMOs) Dale and Valley Homes (DVH) and East Durham Homes (EDH) with 6,106, 4,245 and 8,503 properties respectively. Members noted that this represented 45-50% of all social housing in the County. The Finance Manager noted that the current housing debt at 31 March 2011 was £152 Million, however, with the implementation of "self-financing" the debt would be in the order of £204 to £216 Million.

Councillors noted that the adjusted surplus for the HRA 2010/11 allowed for £400,000 to be allocated to improvements for Durham City and £474,000 to be allocated to the Capital Programme for Housing.

The Finance Manager noted that the average rent for a Council owned property was approximately £55 per week, £10 less than the regional average of around £65 which was encouraging as a service to the public. The Committee learned that the volatile budgets that were highlighted as having an overspend in the 2010/11 were Housing Repairs, Building Control Fees and Planning Fees, and noted all these elements were linked to the housing market still being depressed.

The Finance Manager explained that the Capital Programme was a series of "one-off" non-recurring expenditures relating to enhancing existing assets; acquiring, constructing new assets and that resources were limited in relation to grants and borrowing. Members noted the largest schemes were those relating to Durham City Vision, Disabled Facilities Grants and Housing Renewal. Councillors were informed that £31.8 Million of the Capital Budget for 2010/11 was for Council Housing, details of which would be found within the 3 Council Housing Organisations' Annual Reports which would come to the Committee for Members' information in due course. Members also noted that there was significant investment in infrastructure, including the Local Transport Plan.

The Committee were made aware of the Earmarked Reserves for the General Fund and HRA and noted the fall from approximately £20 Million to £7 Million over 2010 to 2011 for the General Fund was largely as a consequence of the loss of ABG/WNF and the reserves being called into use to support schemes. Members noted the slight increase in the HRA reserve would be fed back into improvements in the Council's housing stock, noting that there was an item relating to the Stock Option Appraisal later on the agenda for this meeting.

The Chair thanked the Finance Manager for the report and presentation and asked Members whether they had any questions.

Councillor M Wilkes noted that there was large amount of good news within the report and asked whether the approximate underspend of £2.4 Million would be allocated to the RED Service Grouping, or rather used across the Authority and fed into any savings required. The Finance Manager explained that the Council's Financial Framework allowed for the amount to be carried forward to the 2011/12 Budget for RED. Councillor M Wilkes asked whether there were any obvious pressures in the 2011/12 Budget that would absorb or eat into the £2.4 million significantly.

The Finance Manager explained that it was very early within the 2011/12 Budget and any pressures may be highlighted in Service Plans from the individual services themselves.

Councillor M Wilkes noted the figure previously reported of 77% of EDH being at the Decent Homes Standard and asked whether it would be possible to redistribute funding now that DCH had achieved the Decent Homes Standard in order to help get those properties in the East of the County up to the standard. The Finance Manager explained that DCH was “in-house” and therefore the Council was able to allocate accordingly to reach the Decent Homes Standard and that separate funding was available from central Government to help with the Decent Homes backlog.

Councillors noted that there was £70 Million over 4 years to get those properties within EDH and DVH to the Decent Homes Standard. Members were reminded that the “standard” was slightly different for each organisation and that some improvements such as double glazed windows did not necessarily form part of the standard.

Mr T Batson raised concern as regards making sure any future housing being designed and built in order to be able to cope with rising fuel prices and be energy efficient to benefit both the environment and Tenants.

The Stock Option Appraisal Project Manager explained that when planning Decent Homes works the Stock Condition Survey would be essential in order to identify which properties required the most time and investment. Members were asked to note that the Council was working with a range of social housing providers to contribute to the green agenda with technology such as solar panels and air source heat pumps, and not simply beautifying homes.

Councillor B Graham noted figures relating to those receiving benefits in the three areas where the Council retained properties and asked whether figures for her local area, Sedgefield were available. The Finance Manager explained that figures were only given as relating to the HRA, therefore only the areas that represented DCH, DVH and EDH however, it should be possible to obtain the information and report back to Members.

Councillor A Barker noted that within Easington, specifically the Wembley area, a scheme had been in operation for 2 months to try to encourage private landlords to sign up to the licence/accreditation scheme though only 61% had signed up and the area had several doors damaged and gates hanging off the hinges. The Finance Manager noted that this was a concern and explained he would make the Housing Regeneration Delivery Manager, Dianne Hedley aware of the situation. Councillor M Wilkes informed the Committee he had learned of a scheme by Burnley Council to paint curtains and plant pots on to shutters on empty properties in order to improve the environment in problem areas and that figures had shown that this had generated a positive effect.

**Resolved:**

That the report and presentation be noted.

## **A7 County Durham Economic Assessment - Update:**

The Chair introduced the Principal Economic Analyst, David Usher, who was in attendance to give Members an update on the County Durham Economic Assessment (CDEA), entitled "How can County Durham be more Economically Competitive?" (for copy, see file of minutes).

The Principal Economic Analyst explained that he would update Members on the position given by the Independent Chair of the County Durham Economic Partnership (CDEP), Ken Jarrold, at the last meeting of the Committee held on 6 June 2011.

The Committee learned that in developing the CDEA, a wide range of in-depth research had been undertaken, with several documents currently going through the RED Service Group approval processes, and noted that the Economic Regeneration Manager, Graham Wood, would be in attendance at a future meeting of the Committee to speak about worklessness. The Principal Economic Analyst noted that the CDEA was linked to the Altogether Wealthier framework.

Councillors noted that there were several challenges including recognising the issues of economic scale and specialisation faced by the County.

There are 165,000 employees within County Durham and there is a need to develop high level skills to give the County a competitive advantage in securing high value jobs. Members also learned of the need to develop ties with the wider region, including Tyne and Wear and Tees Valley, and to the automotive industry supply chain associated with Nissan as well as with the opportunities presented by the Hitachi site at Newton Aycliffe.

The Principal Economic Analyst explained that 37% of employment within the County was in knowledge industries, lower than the national average of 44% and that the growth of employment in the County in recent years had been driven by health, education and other public services. When knowledge based jobs in the public sector are removed from the overall figure the proportion of knowledge based jobs in the private sector falls to 18%.

Members learned that the major sources of new jobs within the County created over the period 2000 to 2007 were mainly in the health and wellbeing, finance and business services and tourism sectors. The major areas of knowledge based employment were clustered around East Durham, notably Peterlee and, elsewhere, in Durham City.

The Principal Economic Analyst noted that there were opportunities to drive economic growth and to diversify the economy in the County. Members were advised that there needs to be a spatial dimension to economic plans in terms of recognising growth potential in Durham City and the A1 and A19 corridors and, also, to focus upon maximising the impact of Durham University in relation to knowledge transfers that generate more businesses and employment for the County. Councillors heard that there had been a 14% increase in the number of "start-up" businesses from 2009-10, as recorded by Bank Search data, though during the first half of 2011 the level of start up activity has slowed.

Members also learned that the level of "homeworking" had increased from around 17,472 to 23,364 over the period 2000 to 2007 representing a 33.7% increase.

Some higher managerial professionals may have taken early retirement or been made redundant from the public sector and there could also be an increase in the number of “silver” entrepreneurs which might explain part of the increase in both start up activity and homeworking.

Skill levels are also a significant issue within the County. Around 20% of the people within the County are not qualified to level 2. At the higher end of the skills spectrum graduate retention from Durham University is also a problem. Councillors also noted that the attitudes of young people towards training and employment need to be addressed to raise aspirations.

The Principal Economic Analyst explained that there would need to be a co-ordinating role relating to the strategic priorities of the recently established Local Enterprise Partnerships (LEPs) for the North Eastern and Tees Valley areas. There would also need to be a response to the public sector expenditure cuts to assist and support workers who are displaced from the labour market.

Members were reminded of the “breaking the cycle” diagram as shown previously to the Committee and the need to ensure that there was sufficient “critical mass” to drive investment in infrastructure and skills development.

The Chair thanked the Principal Economic Analyst for the report and presentation and asked whether there were any incentives for new business start-ups relating to business rates. The Principal Regeneration Strategy Officer, Glenn Martin noted that this was an issue that could be looked at further and Members be informed in due course.

Mr T Batson noted that he agreed that it was vital to address the attitudes of young people and to help provide them with the skills to gain high value sustainable employment. Councillor M Wilkes agreed and added that the monthly CDEA Updates circulated to Members were very informative. Councillor A Barker agreed that youth skills were important and reminded Members of the success of the Esh Group in securing apprenticeships and linking in with local schools to give young people an understanding of opportunities in different sectors of employment.

Councillor M Wilkes asked whether there were mechanisms to get information relating to National Insurance “holidays” for new businesses employing staff into the public domain, perhaps via road shows in the major towns and possibly via Durham County News.

Mr A Kitching noted the emphasis on creating jobs linked to the “low carbon economy” and asked how many jobs had been created as a result of this focus.

The Principal Economic Analyst explained that some existing sectors had held up, such as advanced manufacturing but that new sectoral opportunities would take time to emerge and that there was a need to ensure that the County was well placed to take advantage of emerging opportunities including low carbon industries, charging infrastructure for electric cars, biomass and other renewable energy. The Customer and Services Intelligence Manager added that the CDEA served as an evidence base that allowed informed service planning issues such as the feed-in tariff with regard to energy generation.

Mr A Kitching noted that there was also mention of developing the broadband network to provide high speed internet across the County and asked whether this could also be evaluated in terms of jobs created. The Customer and Services Intelligence Manager explained that in some cases it was not necessarily related to new jobs created but rather involved investment in existing businesses to help to keep them competitive and sustainable in the longer term.

Mr D Lavin expressed some concern with regard to the focus on Durham City. Whilst acknowledging that it was an economic driver for the County as a whole, the County was more than simply the City. Mr D Lavin added that he felt that there was not a sufficient East-West highways link akin to the A1 and A19 running North-South. The Chair noted that this was perhaps more a CDP issue and indeed such comments had been captured at the Special Joint Overview and Scrutiny meeting held 6 July 2011.

Councillor A Naylor agreed skills were required to be tailored to both existing and emerging industries. However, it was noted that in some areas issues of generational worklessness needed to be tackled further to help break the cycle.

Councillor B Graham added that job opportunities for young people were important and that apprenticeships were an excellent way of engaging young people to provide them with skills and training whilst enabling them to earn money, citing examples linked to housing, Durham Gate and the new Hitachi site. The Principal Regeneration Strategy Officer agreed and noted that in the National Apprenticeship week in February there was a regional target of "100 jobs in 100 days" and over 13,000 apprenticeships were created, with over 100 in the County over the last year. Members noted that Durham County Council could plan to build upon this success for the Apprenticeship Week in 2012.

Councillor M Wilkes noted that welfare reform and changes to the benefits system would force changes in the County and that the Council needed to help encourage training to cater for the types of jobs needed for the County. Councillor M Wilkes added that the Council needed to be clear with regard to Government changes to business rates and what the Council would do to help businesses. Mr T Batson agreed, noting that it was not just new businesses that could benefit from clarification and help regarding the business environment, existing businesses could also benefit.

#### **Resolved:**

That the report and presentation be noted.

#### **A8 Stock Options Appraisal - Update:**

The Chair introduced the Stock Option Appraisal Project Manager who was in attendance to give Members an update on the Stock Option Appraisal Project (for copy, see file of minutes).

The Stock Option Appraisal Project Manager noted that this meeting was not the only opportunity for Members to feed into the process, there were Member Surveys and Focus Groups in addition. The Chair added that there would be a Special Meeting of the Committee in September specifically looking at this.

Members were reminded that the need for a Stock Option Appraisal (SOA) came from Government reform of the Housing Subsidy System and Debt Allocation, where a SOA would be the first step in deciding what Durham County Council would wish to do in the future. Councillors were reminded that currently the Government collect all the revenue from Council Housing and then redistribute to Local Authorities and in the case of Durham County Council the Authority pays in to Government £4.5 Million more than received back in grants, a negative subsidy.

The Stock Option Appraisal Project Manager explained that the Government proposals were for a new model based upon “self-financing” where Local Authorities were able to retain income from their housing stock, although there would be a need to have a settlement with Government regarding a one-off “debt”.

Members were informed that the settlement figure of £216 Million had been allocated by Government and that this did not take into account any money already “paid” by the Council in respect of the negative subsidy. The Committee noted that there were differing limits on what Local Authorities and ALMOs could borrow and that Government placed a cap on Local Authorities’ borrowing. The Stock Option Appraisal Project Manager explained that there was the option of simply serving the debt, or to try to pay off the debt in full with advice being to repay the debt in full.

Accordingly, Members were informed that there needed to be a long term, 30 year plan relating to the housing stock and the SOA would be the process in order to ascertain what the Authority owned and how best to manage the stock. The Stock Option Appraisal Project Manager added that through consultation with partners 8 key objectives were identified in priority order those being:

1. Bringing long term funding to support the improvement and repair of high quality, affordable homes;
2. Protecting tenant’s rights;
3. Delivering a good return of new social housing;
4. Meeting regeneration needs;
5. Achieving comparable quality between council owned homes and those of housing associations
6. Improving communication between the owning organisation and customers;
7. Local presence and management of housing services; and
8. Strengthening customer involvement in services.

The Committee were reminded that a specialist company had been commissioned to carry out a Stock Condition Survey, Savills Commercial Limited, and that this was undertaken through a 10% representative sample of properties from DCH and DVH. Members noted that as EDH already had a large amount of stock condition data and accordingly Savills were simply asked to validate this data. The Stock Option Appraisal Project Manager also noted that Savills were also asked to provide the Authority with the necessary warranties in the event that a stock transfer was chosen as the preferred option. Councillors noted that the Survey identified that there was a need for £797 Million in the housing stock over the next 30 years, which was approximately £40,000 for each property in line with the national average.

The Stock Option Appraisal Project Manager explained that the Council had been awarded £70 Million to complete the Decent Homes Standard for EDH and DVH, and that once this had been completed, the need for maintenance and investment would equalise across the 3 Housing Organisations, albeit with a focus on EDH in years 1 to 5 of the 30 years.

Members noted that as there was differing times at which there was pressure on the budget, it was found that the required spend for years 1 to 10 would be £388 Million and the resources that are available would be £333 Million, a shortfall of £55 Million, £63 Million taking inflation into account.

The Stock Option Appraisal Project Manager explained that an option was to defer investment until Year 10+, however, that would mean only a basic business plan would be delivered with some homes having to wait longer for improvements; the debt would remain at around £100 Million; and efficiencies would need to be found in order to balance the plan to release resources for investment. Members heard that in order to deliver a sustainable business plan there would be a requirement to make £2 Million of efficiencies each year on top of Medium Term Financial Plan (MTFP) savings and to have a refresh of existing arrangements. Accordingly, Councillors noted that there needed to be some changes in order to “beat the borrowing cap” so the Council could borrow to continue to invest in homes and services. The Stock Option Appraisal Project Manager noted there were several options:

- Retain ownership of the housing stock, reabsorbing housing services back into the Council
- Reorganisation of existing arrangements
- Transfer of housing stock, a conventional Large Scale Voluntary Transfer (LSVT)
- An unconventional stock transfer to a Council owned Community owned organisation (CoCo)
- Or a mix of options.

The Committee noted that an advantage of retaining the stock in-house would be that services would be consistent across the County; efficiencies could be achieved; and Tenants’ rights would be protected. Members acknowledged that disadvantages included borrowing above the Government cap was not possible; only a basic business plan would be delivered; and services would not be able to be brought back in-house unless there was a “demonstrable benefit to tenants”.

The Stock Option Appraisal Project Manager added that if a traditional stock transfer was undertaken, the advantages would be that ownership would be transferred for an agreed valuation and there would be greater financial freedom outside of the public sector. Also, Councillors noted that investment could be made when required, more than a basic business plan and the transfer could be to an existing Registered Provider, or one or more of our existing Providers. The Committee noted that there were disadvantages to a LSVT transfer such as the fact valuations and debt write off would not stack up for all stock and also Government guidance on stock transfer is no completely clear. The Stock Option Appraisal Project Manager added that another disadvantage was that any partial stock transfer would leave the Council with low levels of income to service debts and maintenance costs. Members noted that for a LSVT, there would be a slightly higher cost for borrowing, albeit only above the debt cap.

Councillors noted with this option, the Council would ask Government to write off the £216 Million debt, however it was unlikely Government would agree to that.

Members learned that if an unconventional stock transfer to a CoCo was chosen there would be advantages including; the transfer would be financially viable for all housing stock; greater financial freedom outside of the public sector; and investment could be made when required. Councillors also noted that it would be advantageous to transfer to a CoCo in that the characteristics of ALMOs would be retained, locally owned and community based and also the HRA debt would stay with the Council, though it would be serviced by the CoCo. The Stock Option Appraisal Project Manager added that whilst further efficiencies would still need to be made, these would generate more headroom in the business plan.

The Committee noted that there were some disadvantages to transfer of the housing stock to a CoCo as the idea was new, not tried and tested and the initial set up costs were not clear. Members learned that whilst cited as an advantage, the HRA debt being retained by the Council could also be seen as a disadvantage, and Government thinking on unconventional stock transfer is still unclear. Councillors were made aware that a CoCo would also be liable to pay VAT and therefore Government would need to reduce the debt settlement to reflect this, by around £66 Million and that there would be a need for a “VAT shelter” for the first 15 years. The Stock Option Appraisal Project Manager added that similar to LSVT transfer, a CoCo would have a higher cost of borrowing above the debt cap.

Members noted that combinations of options were possible with:

	<b>EDH</b>	<b>DCH</b>	<b>DVH</b>	<b>Comments</b>
1	CoCo	CoCo		Debt write down £66m - £2m efficiencies needed – could be a Group (synergy)
2	CoCo	ALMO		Debt write down £48m - £1m efficiencies CoCo/£1-2m ALMO and Council
3	CoCo	LSVT	CoCo	Debt write down £66m – receipt £50m - £2m efficiencies needed in CoCos and Council
4	CoCo	LSVT	LSVT	Debt write down £66m – receipt £64m - £2m efficiencies needed in CoCo and Council
5	CoCo	LSVT		Debt write down £66m – receipt £64m - £2m efficiencies needed in CoCo and Council

The Stock Option Appraisal Project Manager concluded noting that EDH had asked specifically for a CoCo and DCH and DVH had noted that they would be comfortable working together if required.

The Chair thanked the Stock Option Appraisal Project Manager for the report and presentation and noted that Members should save their questions for the Special Meeting scheduled for September.

Councillor M Wilkes noted that if all the housing stock had solar panels and was operating on the feed-in tariff, there was a potential for £175 Million to be generated over the next 20 years.



The Customer and Services Intelligence Manager noted that options were being considered and the Finance Manager explained that the Chief Executive of EDH was leading on feed-in schemes and there should be around 3,000 panels in place by the year end. The Finance Manager did note that there was a need to try to lever in additional funding for the capital cost of the panels and the Legal Section were looking at procurement issues and a report would be going to Cabinet in due course.

**Resolved:**

1. That the report and presentation be noted.
2. That a Special Meeting of the Economy and Enterprise Overview and Scrutiny Committee be arranged for September to look at the Stock Option Appraisal Project allowing Overview and Scrutiny Members the opportunity to feed into the ongoing consultation process.

**A9 County Durham Economic Partnership, Minutes of the meeting held 4 April 2011**

The Minutes of the meeting of the County Durham Economic Partnership held 4 April 2011 were received by the Committee for information.

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6 October 2011

Quarter 1 2011/12 Performance Management  
Report

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

**Purpose of the Report**

1. To present progress against the Council's corporate basket of performance indicators (PIs) and report other significant performance issues for the first quarter of 2011/12.

**Background**

2. This is the quarterly performance report for the Council covering April – June 2011. The report contains information on key performance indicators, risk management and Council Plan progress. The report sets out an overview of performance and progress by Altogether priority theme. A summary of key performance indicators is provided at Appendix 3. More detailed performance information and Altogether theme analyses are available on request from [performance@durham.gov.uk](mailto:performance@durham.gov.uk).

**Developments since last quarter**

3. Extensive work has been undertaken by all services to develop a new corporate set of indicators as set out in Appendix 3. This set of indicators is based around our six 'Altogether' priority themes and will be used to measure the performance of both the Council and the County Durham Partnership. Five different types of performance indicator have been introduced:

<b>Performance Indicator Type</b>	<b>Rationale</b>
Target Indicators	Targets are set for indicators where improvements can be measured regularly and where improvement can be actively influenced by the Council and its partners.
Tracker Indicators	Performance will be tracked but no targets will be set for indicators which are long term and which the Council and its partners only partially influence. For example life expectancy measures will be tracked but have no targets set.
Input Indicators	Inputs measure the resources (e.g. staff, materials, premises, caseload etc) employed to provide a service. Taken alongside target and tracker indicators, they may help to explain fluctuations in performance, for example caused by reduced staff levels or increased caseload.

<b>Performance Indicator Type</b>	<b>Rationale</b>
Perception and Satisfaction	A small set of core performance measures are included as part of the revised approach to tracking resident and user views.
Productivity	A new set of productivity measures is under development to support scrutiny of the efficiency of service delivery.

4. This new framework is a significant change, as previously the Government required targets to be set for all NIs, and the large number of prescribed indicators tended to detract from a rounded consideration of other aspects of performance such as inputs and productivity measures.
5. Benchmarking comparisons of Durham's performance to other councils are being developed and maintained despite the demise of the National Indicator set, to provide councillors with a view of how our performance compares to our peers. The Local Government Group has developed a prototype benchmarking tool 'LG Inform' which will provide online performance benchmarking and comparison, which individual Members and officers will be able to use to compare Durham's performance to other councils. The prototype for this product was launched in June and the full system will be rolled out early in the New Year. Work continues to utilise the LG Inform product to obtain comparative data which is free of charge. Durham has supported the Local Government Group in product development, as part of a national reference group.
6. Changes have also been made to the way service plans are monitored. Instead of monitoring and reporting corporately on all service plan actions, a number of actions from each service plan have been identified that are key to the corporate health and performance of the Council which will be monitored centrally. Monitoring of these key actions is undertaken on an exception basis using the following system:
  - Red - behind target/not planned to meet target
  - Green - achieved by the deadline/achieved ahead the deadline/on target to meet the deadline.
7. A further area of improvement this year is the introduction of reporting on progress of the Council in delivering Equality and Diversity, Carbon Reduction and Investors in People actions, and in responding to external inspections.

## Altogether Wealthier: Overview

8. A development this quarter within this priority theme is the reductions in Area Based Grant (ABG) over 2011/12 that are going to have a major impact on service delivery. The overall budget for the Economic Development Service is being cut by 75% over the MTFP period due to the ABG reductions. Over the last year work has been ongoing to improve performance reporting mechanisms and one of these areas has been to look at business enquiries and new (business) start-ups. Despite the reductions in ABG, the service will continue to track these indicators but anticipate a reduction in performance once key funding for initiatives such as the Local Enterprise Growth Initiative come to an end in the next quarter.
9. Tracker indicators for this priority theme (see Appendix 3, table 2) show:
- A reduction in the number of 18-24 year olds claiming Job Seekers Allowance. For June 2011 this figure was 4360 equating to 8.6% of the resident 18-24 year old population. This is lower than the 9.4% reported at previous quarter and lower than the regional average of 9.4% but higher than the national average of 6.9% (Ref 116).
  - A steady reduction in the total JSA claimants claiming for one year or more. For June 2011 the figure shows 785 (6.2%) total JSA claimants claiming for one year or more compared to 1940 (15.9%) at same period last year. This is lower than the regional average of 11.3% and national average of 14.2% (Ref 117).
  - A steady reduction in the employment rate of the working age population. Latest figures for the 12 months January to December 2010 (which relate to Quarter 3 2010/11 as reported 8 months in arrears) show the employment rate has reduced to 66.2% from last years quarter 1 and 2 figures (66.4% and 66.5% respectively) (Ref 118)
  - An increase in the total number of Homelessness presentations. For June 2011 the figure shows there were 1326 homeless presentations, an increase from the 1075 reported 12 months previously. Homelessness preventions have also shown a downward trend this period with only 14.9% of homeless presentations being prevented compared with 16.3% at same period last year (Ref 133 & 130).
10. Two satisfaction indicators are reported for this priority theme:
- The percentage of users who felt that cultural events were “good” or “very good”. A new version of the survey has been developed for 2011/12 and data will be available from Quarter 2. Results will be sourced from a survey of people attending the 'Highlights Tour' (a range of cultural events in rural areas) and events as part of the BRASS festival (Ref 7).
  - Local Authority Tenant satisfaction with landlord services. This is an annual survey and the latest results are for the survey completed in February 2011 with 83.7% of tenants satisfied or very satisfied. Performance has improved from 2006 by 11.3% (Ref 8).

### Performance against key indicators

	Direction of travel		
	Improved	Stable	Declined
Performance indicators	1 (33%)	0 (0%)	2 (67%)

	Performance against Target			
	Red	Amber	Green	Deleted Actions
Performance indicators	3 (50%)	2 (33%)	1 (17%)	N/A
Actions	0 (0%)	N/a	48 (98%)	1 (2%)

11. Results for this theme's key corporate performance target indicators show that 3 of the 6 indicators are already achieving or are close to achieving target (see Appendix 3, table 1).
- a. Private rented sector properties improved as a direct consequence of local authority intervention. During this period 170 private rented sector properties have improved which has exceeded the period target of 122 (Ref 2).
  - b. Occupancy rates of council owned business support centres. Occupancy levels currently stands at 73% following refurbishment of some units. This is close to achieving the 74% target (Ref 5)
  - c. Enrolments on Adult Learning courses leading to qualifications. Latest preliminary data covering the period August 2010 to July 2011 shows the achievement rate of people enrolled on accredited courses supported by the council's Adult Learning service is 81.2% which is close to achieving the 82% period target. Finalised data is due to be published in December 2011 (Ref 6).
12. The service highlight three key performance improvement issues going forward:
- a. Processing of Major planning applications. During this period, 75% of major planning applications were processed within the 13 week timescale. This is below the 79.9% target and the 81.3% processed 12 months earlier. This current dip in performance is due to the effect of a recent staff restructure, including in particular IT problems which affected ability of officers to meet milestones for processing of applications and the effect of the resultant staff relocations across the County arising from the restructure. Durham compares favourably against the National average (69.92%) but is below the North East average (82.43%) (Ref 1).
  - b. The percentage of bus services running on time. Over the Quarter 1 period, 89.9% of bus services ran on time which is lower than the 95% target. The reason for this has been identified as a result of punctuality at two particular bus stations (Stanley and Peterlee) being low on the survey day. This may therefore have been as a consequence of local issues. The number of surveys at each location is to be increased in order to get a better representative sample of data. If a pattern is identified, further detailed investigation will be carried out (Ref 4).
  - c. Empty properties brought back into use as a result of local authority intervention. During this period, 11 properties were brought back into use through local authority intervention. This is below the period target of 20. The Housing Renewals and Improvement team have implemented a new area based approach of multi disciplinary teams covering both empty properties and private landlords, which came into effect at the end of July 2011. The aim of this approach is to focus resources and therefore it is anticipated that this will have a greater impact and performance should increase (Ref 3).
13. In terms of progress against the Council Plan actions, the Altogether Wealthier theme has the highest percentage of actions that are on track or have been achieved (98% - 48 out of 49 actions). The remaining action to undertake infrastructure and public transport improvements on the Priority 4 corridor A690 is proposed to be deleted from the Council Plan due to funding restrictions.

14. Key updates for Altogether Wealthier from the RED Service Plan from this quarter include;

- World Heritage Site Visitor Centre opened ahead of schedule to the public on 20<sup>th</sup> June 2011
  - A planning application has been submitted for the extension to Belmont Park and Ride site
  - There has been a small increase in the total number of planning applications received during the quarter 1 period compared with the same period last year. In this period there have been approvals for housing refurbishment works at Craghead and Horden, housing developments at Evenwood, Newton Aycliffe, Trimdon, Brandon and Witton Park, an allotment site at Newton Aycliffe, holiday home developments at Caldwell, Frosterley and Bishop Auckland, industrial units at Meadowfield and Peterlee and a multi-functional facility at Bildershaw.
  - The review of the services provided to support Young People Not in Education, Employment or Training (NEETs) is proceeding in line with the Commissioning Plan set out by Children and Young Peoples Services and work continues on a social impact bond
  - In line with the Homelessness Strategy the following have been developed through the quarter 1 period:- A Hospital Discharge Protocol is almost complete; Crash pads for 16/17 year olds have been established and will commence August 2011; temporary accommodation mapping completed; participation in Regional Through the Gates Scheme and mapping exercise with HMP Durham to ensure offenders housing and support needs addressed
  - Works at NETpark continue to progress with the Grow On Spaces on the Gables ongoing and the Innovation Village project going to plan
  - 79 FTE construction jobs have been created at DurhamGate in Spennymoor
  - The Consett Business Park development has had funding from the County Council approved and awaits ERDF funding approval
  - The Buy Local: Buy Durham scheme has been successfully launched and Council buyers have received training
- A £2.1m 3 year refurbishment programme for council business sites was approved in June 2011

15. The completion of the stock options appraisal on the Council's housing stock is a major programme of activity which this committee are well aware of, current progress includes

- a. The appointment of a Stock Options Manager and two supporting officers
- b. A Customer Working Group has been established consisting of three customers from each provider area and one leaseholder representative
- c. A Steering Group has also been appointed which consists of the Customer Working Group and three Councillors
- d. Three advisors have been appointed to the project: Engage Associates (Independent Tenants Advisor (ITA)); Consult CIH/Savills (Financial Advisors) and Trowers and Hamblins (Legal Advisors)
- e. Savills have conducted a stock condition appraisal which shows Durham City Homes and Dale and Valley Homes housing stock is of a good condition, however East Durham Homes housing stock requires significant investment
- f. Findings have been presented to the Steering Group and the housing providers, the Steering Group have selected five preferred options to take forward for further consultation
- g. Public consultation on the preferred options has now commenced with the ITA delivering a wide range of activities across the County.
- h. Consultation will be completed at the end of September.

16. A verbal update will be provided relating to updates against the performance of the ALMOs and Durham City Homes.

17. The key risk from the Council's risk register to successfully delivering the objectives of this theme is '*The loss of Area Based Grant funding*', resulting in the CDEP failing to narrow inequality and deprivation gaps. This risk has occurred with the recent reduction in Area Based Grant which will have a major impact in terms of increasing social and economic deprivation in the County. An action plan is being developed to mitigate this risk as far as possible, although it should be recognised that this will remain a significant risk for at least the next 4 years.

18. Other significant risks include:

- a. Private housing stock condition worsens with adverse implications for local economy, health & neighbourhood sustainability.
- b. Reduced future allocations of deprivation based grants to the County resulting from changes to the Council's new deprivation status, which will impact on the delivery of key strategies and investment in the County.
- c. Diminishing Capital Resources, continuing depressed land values and slow growth in the private sector will impact on the ability to deliver major projects and Town initiatives within proposed timescales

## **Recommendation**

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



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## Appendices

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- Appendix 1:** Implications
- Appendix 2:** Key to ratings used in this report
- Appendix 3:** Summary of key performance indicators

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## **Appendix 1: Implications**

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### **Finance**

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

### **Staffing**

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

### **Risk**

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

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

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

### **Accommodation**

Not applicable

### **Crime and Disorder**

A number of Performance Indicators relating to crime and disorder are continually monitored in partnership with the Durham Constabulary.

### **Human Rights**

Not applicable

### **Consultation**

Not applicable

### **Procurement**

Not applicable

### **Disability Issues**

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

### **Legal Implications**

Not applicable

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## Appendix 2: Key to ratings used within the report

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

### Target Key

**GREEN**

Performance better than target

**AMBER**

Getting there - performance approaching target (within 2%)

**RED**

Performance >2% below target

### Trend Key

**IMPROVED**

The latest performance has improved from the comparable period

**STABLE**

The latest reported data remains the same as comparable period

**DECLINED**

The latest performance has deteriorated from the comparable period

## Appendix 3: Summary of Key Performance Indicators

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Table 1: Key target indicators

Ref	Description	Latest data	Period covered	Period target	Current status	Data 12 months earlier	Direction of travel – 12 months earlier
<b>Altogether Wealthier</b>							
1	Processing of Major planning applications (former NI 157a)	75%	Q1 11/12	79.90%	RED	81.30%	DECLINED
2	Number of private rented sector properties improved as a direct consequence of local authority intervention	170	Q1 11/12	122	GREEN	N/A	N/A
3	Number of empty properties brought back into use as a result of local authority intervention	11	Q1 11/12	20	RED	N/A	N/A
4	Bus services running on time (former NI178/LTP2/T14)	89.90%	Q1 11/12	95%	RED	N/A	N/A
5	Occupancy rates of council owned factories and business support centres (former REDPI16)	73.14%	Q1 11/12	74%	AMBER	N/A	N/A
6	Percentage of enrolments on Adult Learning courses leading to qualifications	81.20%	1 Aug'10 - 14Jul'11	82%	AMBER	81.70%	DECLINED
7	Percentage of users who felt the cultural events were "good" or "very good" (former AWHAS9)	Reported Q2			N/A	N/A	N/A
8	Local authority tenant satisfaction with landlord services	83.70%	2010-11	N/A	N/A	N/A	IMPROVED
9	Percentage increase in people engaged in cultural events (former AWHAS10)	Reported Q2			N/A	Annual	N/A

**Table 2: Key tracker indicators**

Ref	Description	Latest data	Period covered	Previous period data	Direction of travel - previous period	Data 12 months earlier	Direction of travel - 12 months earlier
<b>Altogether Wealthier</b>							
109	New homes completed in Durham City	24	Q1 11/12	<a href="#">281[1]</a>	N/A	36	<b>DECLINED</b>
110	Number of top retailer representation in Durham City	13	Q4 10/11	13	<b>STABLE</b>	13	<b>STABLE</b>
111	Traffic flows in Durham City (New indicator using licence plate recognition. Under development. Expected during 2011)	Reported Q3		N/A	N/A	N/A	N/A
112	Access to services & facilities- % households accessible to Durham City within 1 hour journey by public transport before 8.30am (former REDPI12)	75.82%	Q1 11/12	74.90%	<b>IMPROVED</b>	N/A	N/A
113	Number of visitors – attraction numbers	813489	2010/11	N/A	N/A	N/A	N/A
114	All homes completed in and near all major settlements as a proportion of total completions (completed as per NI 154 guidance)	66.42%	Q1 11/12	N/A	N/A	N/A	N/A
115	% properties in band D and above for Council Tax	14.18%	Q1 11/12	14.59%	<b>DECLINED</b>	N/A	N/A
116	18 - 24 year olds claiming JSA	4360	Q1 11/12	4770	<b>IMPROVED</b>	3885	<b>DECLINED</b>
117	JSA claimants claiming for one year or more	785	Q1 11/12	1120	<b>IMPROVED</b>	1940	<b>IMPROVED</b>
118	Employment rate of the working age population (former NI 151)	66.20%	Q3 10/11	66.50%	<b>STABLE</b>	66.50%	<b>STABLE</b>
119	Number of apprenticeships – started	1006	2010/11	N/A	N/A	1496	<b>DECLINED</b>
120	Child Poverty (former NI116) <b>Also included in Altogether Better for Children &amp; Young People</b>	23.50%	Nov-10	24.10%	<b>IMPROVED</b>	24.05%	<b>IMPROVED</b>
121	Affordable homes provided as a proportion of the total net homes completed (former NI154 & NI155)	6.22%	Q1 11/12	33%	N/A	2.70%	<b>IMPROVED</b>
122	Percentage of non-decent council homes (former NI 158)	37.18%	Q1 11/12	36%	<b>DECLINED</b>	42%	<b>IMPROVED</b>
123	Accessibility of Newton Aycliffe within one hour using public transport and arriving by 8.30am (former LTP3/4c)	30.30%	2010/11	N/A	N/A	N/A	N/A
124	New enterprise start ups (businesses assisted)	67	Q1 11/12	<a href="#">2300[1]</a>	N/A	N/A	N/A
125	Business registration rate (former NI 171)	34.9	2008	N/A	N/A	N/A	N/A
126	Tourism businesses engaged by Visit County Durham	37	Q1 11/12	<a href="#">193[1]</a>	N/A	N/A	N/A
127	Number of passenger journeys on Park and Ride (former LTP3/L17b)	249,700	Q1 11/12	<a href="#">1,021,848[1]</a>	N/A	N/A	N/A

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Ref	Description	Latest data	Period covered	Previous period data	Direction of travel - previous period	Data 12 months earlier	Direction of travel - 12 months earlier
128	Total planning applications received	835	Q1 11/12	N/A	N/A	N/A	N/A
129	No. of people rehoused through Durham Key Options system	491	Q1 11/12	<a href="#">3270</a> <sup>[1]</sup>	N/A	N/A	N/A
130	No. of preventions as a proportion of the total no. of homelessness presentations (former HH LP15a)	198 (14.9%)	Q1 11/12	257(16.4%)	<b>DECLINED</b>	175(16.3%)	<b>DECLINED</b>
131	No. of statutory applications as a proportion of the total no. of homelessness presentations (former HH LP15b)	317 (23.9%)	Q1 11/12	293 (18.7%)	<b>DECLINED</b>	208 (19.3%)	<b>DECLINED</b>
132	No. of acceptances (of a statutory duty) as a proportion of the total no. of homelessness presentations (former HH LP15c)	125 (9.4%)	Q1 11/12	384 (7.1%)	<b>DECLINED</b>	83 (7.7%)	<b>DECLINED</b>
133	Total no. of homelessness presentations (former HH LP15d)	1326	Q1 11/12	1570	<b>IMPROVED</b>	1075	<b>DECLINED</b>
134	Business enquiries	476	Q1 11/12	<a href="#">1685</a> <sup>[1]</sup>	N/A	N/A	N/A

[\[1\] This data is cumulative and the figure is based on 12 months data for the year end so comparisons are not applicable](#)

**Economy and Enterprise Scrutiny  
Committee**

**6 October 2011**



**Regeneration and Economic  
Development Service – Quarter 1  
Revenue and Capital Forecast Outturn  
2011/12**

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**Report of Finance Manager – Azhar Rafiq**

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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 June 2011.

**Background**

2. County Council approved the Revenue and Capital budgets for 2011/12 at its meeting on 23 February 2011. The capital programme has subsequently been adjusted to account for increased resources secured since February and reviewed to identify the expected level of spend in 2011/12. This report covers the financial position for the following three major accounts maintained by the RED service grouping:
  - *RED Revenue Budget - £39.617m*
  - *Housing Revenue Account - £57.631m*
  - *RED Capital Programme - £107.064m*
3. The summary financial statements contained in the report cover the financial year 2010/11 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

4. The service is reporting an outturn position of **£39.338m** against the annual budget of **£39.617m** – an underspend of **£0.279m** when excluding items outside of the cash limit.
5. 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

	Annual Budget	YTD Actual	Forecast Outturn	Variance	Adjusted Variance
Employees	24,067	8,484	25,420	1,353	586
Premises	1,902	235	2,061	159	159
Transport	1,361	329	1,326	-35	-35
Supplies and Services	6,248	1,561	9,071	2,823	2,772
Agency and Contracted	20,944	3,950	21,297	353	202
Transfer Payments	105	1	103	-2	-2
Central Costs	5,033	71	5,037	4	3
<b>GROSS EXPENDITURE</b>	<b>59,660</b>	<b>14,631</b>	<b>64,315</b>	<b>4,655</b>	<b>3,685</b>
<b>INCOME</b>	<b>(20,043)</b>	<b>(5,545)</b>	<b>(24,007)</b>	<b>(3,964)</b>	<b>(3,964)</b>
<b>NET EXPENDITURE</b>	<b>39,617</b>	<b>9,086</b>	<b>40,308</b>	<b>691</b>	<b>(279)</b>

### Analysis by Head of Service

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Adjusted Variance
Policy Planning Performance	1,180	302	1,175	-5	-6
Economic Development	6,037	332	6,910	873	-106
Housing	4,769	908	4,836	67	44
Planning	5,717	1,298	5,662	-55	-93
Transport	16,602	5,013	16,413	-189	-118
Central Costs	5,312	1,233	5,312	0	0
<b>NET EXPENDITURE</b>	<b>39,617</b>	<b>9,086</b>	<b>40,308</b>	<b>691</b>	<b>-279</b>

6. 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	
PPP	PPP	Savings in staffing mostly arising from pension contributions of staff not in the scheme	(2,803)	<b>(5,844)</b>	
		Small savings on other running expenses across the service grouping	(3,041)		
Economic Development	Head of Economic Development	General savings on payroll	(3,456)	<b>(105,686)</b>	
	Strategic Investments	Overspend on staffing	20,188		
	Economic Policy	Overspend on contribution to City of Sunderland Region which was included as MTFP savings, although other budgets have been cut to compensate	Underspend on research and evaluation budget which is not required		(121,113)
			Underspend due to vacant manager post		(61,396)
			General savings on supplies and services		(32,882)
			Business Services		Underspend due to vacant posts and secondment of a member of staff
	Business Services	Overspend on Industrial Estates due to budget pressures on income and increased NNDR costs on vacant units due to change in rate relief rule			232,423
			Funding and Programmes		Underspend on staffing due to 2 members of staff on maternity leave
	Economic Regeneration	Underspend on staffing due to vacant posts, maternity leave and long term sickness	(100,050)		
	Housing	Head of Housing	Overspend on Supplies and Services		4,000
Housing Strategy		Officer currently seconded to Housing Options	(22,220)		
Housing Regeneration		Estimated Savings not yet materialised	62,214		
Planning	Head of Planning	Employees - Underestimated employers NI contributions	1,073	<b>(93,442)</b>	
	Planning Policy	General overspend on supplies and services	5,589		
	Development Management	Small overspend on staffing budget	17,986		
	Conservation and Design	General savings made on supplies and services	(16,591)		
	Archeology	Employees - underspend two members of staff not in Pension Scheme	5,341		
	Landscape and Ecology	Employees - underspend due to loss of Ecology Team Leader	Underspend on professional fees		(10,000)
			Sustainability		Employees - underspend due to loss of 2 employees
	Heritage Coast	Income from Natural England budgeted higher than actuals	13,049		
Transport	Head of Transport	Employees - Underestimated employers NI contributions	2,844	<b>(117,849)</b>	
	Strategic Transport Planning	Employees - Under spend is due to the loss of two member of staff	(89,867)		
	Traffic Management	Employees - Under spend is due to the loss of two member of staff	Premises - Higher than expected water charges		14,100
			Supplies - Higher than expected Annual Service contracts		7,750
			Central - Bad Debt write off		3,454
	Network Management	Employees - over spend due to 3% salary savings not being realised	Transport - Vehicle cost are going to be higher than budgeted		26,682
			Income - Fees and charges will be higher than budget		16,392
			Central - Bad Debt write off		(63,544)
			Transport - Potential overspend is due to higher Car Allowances		381
			3,400		
Central	Central Costs			<b>0</b>	
<b>TOTAL</b>				<b>(278,827)</b>	

7. 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 2011/12 which are detailed in the ensuing paragraphs.

### MTFP Savings 2011/12

8. A challenging target was set for the service which is significantly affected by a substantial drop in funding from Area Based Grants (ABG) in addition to the 25% reduction in core budget. Over the life of the MTFP, the target for RED is a reduction in core budget of **£5.866m** plus loss in ABG of **£11.956m** – a total of **£17.822m** representing a reduction of 47% of the 2010/11 base budget - the highest reduction of all service groupings in the Council. In 2011/12 savings of £15.9m in savings are required.
9. The RED service grouping is making good progress on achieving its MTFP savings target for 2011/12. The table below summarises reductions in the RED budget and whether we are on track on delivering the required savings this year.

Ref	Description	Saving	Status
RED 1	Staffing Restructure	1,010,927	GREEN
RED 2,3,4	Reduction in supplies and services	266,824	GREEN
RED 5,6	Reduction in contribution to outside bodies	16,500	GREEN
RED 7,8,9	Income Generation	114,007	GREEN
RED 10	Review of contracted services for building control	110,000	GREEN
RED 12	Review of contracted bus services	990,000	GREEN
n/a	Concessionary Fares	500,000	GREEN
AWH 9	Supporting People – Care Connects	600,000	GREEN
n/a	Supporting People – Care Connects	294,000	GREEN
ABG	ABG withdrawn by Central Government	11,955,871	GREEN
	<b>Total</b>	<b>15,858,129</b>	

### Revenue – Housing Revenue Account (HRA)

10. The Authority is responsible for managing the HRA which is concerned solely with the management and maintenance of its housing stock of around 19,000 dwellings. The HRA comprises the housing stock inherited from former Easington, Wear Valley and Durham City councils. Two arms length management organisations (ALMOs) have been established to manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.
11. 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.

Housing Revenue Account	Budget £'000	Actual £'000	Variance £'000
<b>Income</b>			
Dwelling Rents	(56,611)	(56,626)	(15)
Other Income	(931)	(977)	(46)
Interest and investment income	(89)	(89)	-
	<b>(57,631)</b>	<b>(57,692)</b>	<b>(61)</b>
<b>Expenditure</b>			
ALMO Fees	18,266	18,266	-
Repairs, Supervision and Management Costs	11,871	12,099	228
Negative Subsidy Payment to CLG	4,514	3,928	(586)
Depreciation	11,696	11,696	-
Interest Payable	6,624	6,349	(275)
Revenue contribution to capital programme	4,660	5,354	694
	<b>57,631</b>	<b>57,692</b>	<b>61</b>
<b>Net Position</b>	-	-	-

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

- a) **General Management £302k overspend**– this is attributable to the cost of rent rebates to tenants above a threshold set by Government – any amounts paid above this threshold are not reimbursed by Government grant and therefore fall to be met from the HRA;
- b) **Special Management £74k underspend** – this is due to savings on cleaning charges and running expenses from the closure of communal halls
- c) **Negative HRA Subsidy £586k underspend** – this is due to additional subsidy to cover interest payments on decent homes funding of £14.6m allocated this year;
- d) **Interest payments £275k underspend** – an expected saving on interest payments due to assumptions on debt levels;
- e) **Revenue support to Capital £694k overspend** – 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	2011-12 Budget £'000	2011-12 Forecast Outturn £'000	Variance £'000	Status
Development Control	Planning Fees	-1,634	-1,618	+16	GREEN
Building Control	Building Control Fees	-1,100	-960	+140	RED
Concessionary Fares	Contract Payments	10,500	10,300	-200	GREEN
Bus Contracts	Contract Payments	4,141	4,141	-	GREEN
Business Space	Rental Income	-2,234	-1,960	+274	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 is a shortfall in rental income from the Council's portfolio of industrial sites and building control fee income for the planning service. The service will closely examine savings in expenditure to mitigate against the reduced income streams.

### 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 is **£107.064m** - consisting of **£68.705m** for General Fund and **£38.359m** for the HRA. The current budget is the budget approved by Council in February plus slippage from 2010/11 plus additional funding secured since February. This budget has then been reprofiled over financial years, to identify spend that will be made from 2012/13 onwards, to leave the final re-profiled budget for 2011/12 shown in the table below.

Service	Budget Approved by Council 23/02/11	Slippage approved from 10/11 by MOWG and Cabinet	Budget Transfers	Budget adjustment due to additional Cabinet approval, new grant etc	Budget Reduction to finance 2010/11 overspend	Revised 2011/12 Base Budget	Final Profiled Budget 2011/12
	£000	£000	£000	£000	£000	£000	£000
General Fund	46,741	12,883	1,894	16,356	0	77,874	68,705
HRA	25,245	708	0	14,407	0	40,359	38,359
<b>Total</b>	<b>71,986</b>	<b>13,591</b>	<b>1,894</b>	<b>30,763</b>	<b>0</b>	<b>118,233</b>	<b>107,064</b>

19. Actual spend for the first quarter amounts to **£10.160m** – consisting of **£5.914m** for the General Fund and **£4.246m** for the HRA. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.
20. The programme has been re-profiled by service managers and the outturn is expected to be in line with the budget. Commentary on individual projects will be provided during the course of the year as progress is made on those schemes.

### Earmarked Reserves

21. The RED service grouping holds a number of earmarked reserves and the movement on these during the year is as follows:

Reserve	Amount at 31/03/11	Use of / Contribution to / Transfers	Estimated Year end Balance
General Fund	£'000	£'000	£'000
ABG Working Neighbourhoods Fund	1,000	(235)	765
ABG Local Enterprise Growth Initiative	1,004	(511)	493
ABG Climate Change	22	(22)	0
Seaside Towns Reserve	200	(200)	0
City Centre Visioning	22	(22)	0
Derwentside Business Development Complex	247	(245)	2
Planning Reserve	1,901	(260)	1,641
Archeology Fund	133	-	133
Lottery Fund	23	(23)	0
East Durham Business Service	223	(200)	23
LABGI Economic Growth Fund (transfer below)	402	(402)	0
Regeneration and Communities Reserve	0	469	469
Derwentside Training	240	(30)	210
Durham City Vision	119	(35)	84
Growth Point	148	-	148
Social Housing Fraud	50	-	50
Family Intervention Programme	283	-	283
Housing Solutions	540	-	540
Prevention Fund	37	-	37
Empty Homes	25	-	25
LSVT Reserve	133	-	133
RED Cash Limit Reserve	2,391	279	2,670
<b>Sub total</b>	<b>9,143</b>	<b>(1,437)</b>	<b>7,706</b>
<b>Housing Revenue Account</b>			
General Reserve	7,674	-	7,674
Stock Options Reserve	402	-	402
Durham City Homes Improvement Plan	400	-	400
HRA Capital Reserve	2,400	(2,400)	-
<b>Sub total</b>	<b>10,876</b>	<b>(2,400)</b>	<b>8,476</b>
<b>Grand Total</b>	<b>20,019</b>	<b>(3,837)</b>	<b>16,182</b>

22. There is an overall reduction in reserves of £3.8m leaving a revised balance of £16.2m – of which £7.8m is General Fund and £8.5m in respect of the HRA. The cash limit for RED is expected to increase to £2.7m after incorporating the 2011/12 forecast underspend.

23. The following paragraphs provide details of the planned use of the major reserves in 2011/12.

***ABG Working Neighbourhoods Fund (WNF)***

This is a remaining balance on the WNF programme amounting to £1m which is being retained by RED to support its priorities. £400,000 has been earmarked for the Tourism service of which £235,000 will be used in the current year to support the service transformation.

***ABG Local Enterprise Growth Initiative (LEGI)***

A sum of £511,000 is forecast to be used to match ERDF grant until the programme closes down.

***Seaside Towns Reserve***

The Government provided some seaside local authorities a £200,000 grant from a national £5 million Seaside Towns Grant. The purpose is to tackle long term joblessness and help transform some of the most deprived seaside towns by creating jobs, supporting businesses, and improving skills. Durham County Council received £200,000 for the Seaham resort and a programme of works has been developed for use in that area. It is expected to be utilised this year.

***Derwentside Business Development Complex***

£245,000 is planned to be spent at Consett Business Centre to undertake refurbishment works including dry lining, decoration, roof and heating system replacement.

***Planning Reserve***

A sum of £260,000 is being used this year to support the core budget.

***East Durham Business Service***

A sum of £200,000 has been granted to East Durham Business Service towards the provision of SME accommodation in the East of the County.

***Derwentside Training***

A sum of £30,000 is forecast to be used to support the service.

***Durham City Vision***

£35,000 is being used to support the revenue costs of DCV in the current year.

***Regeneration and Communities***

This reserve has been established from former LABGI funds and a transfer of some very small balances remaining on other RED reserves which are no longer needed. The purpose is to provide funds to support feasibility studies and master planning activities which cannot be charged to the capital programme but are essential in developing projects to support the regeneration ambitions of the County.

***Stock Options Reserve***

There will be costs to be met out of this reserve this year and an update will be provided in future reports.

***HRA Capital Reserve***

The full amount of the reserve is earmarked to finance the 2011/12 programme and is expected to be utilised this year.

**Recommendations:**

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

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**Contact: Azhar Rafiq – Finance Manager**  
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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 outturn position alongside details of balance sheet items such as earmarked reserves held by the service grouping to support its priorities.

### **Staffing**

None.

### **Risk**

None.

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

None.

### **Accommodation**

None.

### **Crime and disorder**

None.

### **Human rights**

None.

### **Consultation**

None.

### **Procurement**

None.

### **Disability Issues**

None.

### **Legal Implications**

None.



## Appendix 2: 2011-12 Housing Revenue Account

	<b>2011/12 Budget</b>	<b>2011/12 Forecast Outturn</b>	<b>Variance</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	
<b>Income</b>				
Dwelling Rents	<b>(56,611)</b>	<b>(56,626)</b>	<b>(15)</b>	
Non Dwelling Rents: – Garages	(769)	(826)	(57)	
– Shops/Other	(96)	(96)	-	
Charges for Services and Facilities	(66)	(55)	11	
Contributions towards Expenditure	-	-	-	
<b>Total Income</b>	<b>(57,542)</b>	<b>(54,721)</b>	<b>(61)</b>	
<b>Expenditure</b>				
ALMO Management Fee	18,266	18,266	0	
Repairs and Maintenance	4,156	4,156	0	
Supervision and Management - General	4,592	4,894	302	a
Supervision and Management - Special	1,066	992	(74)	b
Rent, Rates, Taxes and Other Charges	42	42	0	
Negative HRA Subsidy Payable to CLG	4,514	3,928	(586)	c
Depreciation and Impairment of Fixed Assets	11,696	11,696	0	
Bad Debt Provision and Debts Written Off	250	250	0	
Debt Management Costs	120	120	0	
<b>Total Expenditure</b>	<b>44,702</b>	<b>44,344</b>	<b>(358)</b>	
<b>Net Cost of HRA Services per I&amp;E Account</b>	<b>(12,840)</b>	<b>(13,259)</b>	<b>(419)</b>	
Share of Corporate and Democratic Core	1,085	1,085	-	
Share of Other Costs Not Allocated to Specific Services	560	560	-	
<b>Net Cost of HRA Services</b>	<b>(11,195)</b>	<b>(11,614)</b>	<b>(419)</b>	
Interest Payable and Similar Charges	6,624	6,349	(275)	d
Direct Revenue Financing (Contribution to Capital)	4,660	5,354	694	e
Interest and Investment Income	(89)	(89)	-	
<b>(Surplus)/Deficit for Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	
HRA Reserves	7,674	7,674	-	
Stock Options Reserve	402	402	-	
Durham City Homes Improvement Plan	400	400	-	
Capital Reserve	2,400	0	-	

### Appendix 3: RED Capital Programme 2011-12

<b>General Fund</b>	<b>Profiled Annual Budget £000</b>	<b>Actual Spend to end of June £000</b>
<b>Economic Development</b>		
Barnard Castle Vision	2,767	119
North Dock Seaham	1,094	306
Durham City Vision	2,922	420
St John's Square	323	-334
Durhamgate	6,583	902
NETPark	5,463	2,164
Town Centres	2,481	37
Industrial Estates	2,289	36
LEGI	12	0
Eastgate	525	0
Broadband	2,000	0
Durham City Plus	500	0
Bishop Auckland Castle and Park	100	31
Barnard Castle Suspension Bridge	313	0
<b>General Fund Housing</b>		
Disabled Facilities Grants	5,208	463
Housing Renewal Programme	5,574	189
Housing Growth Point	960	5
Travellers Sites – General	3,233	6
Travellers Site - East Howle	250	73
CCTV	350	0
<b>Planning</b>		
Energy Schemes	8,000	5
URRI Programme	1,789	82
Planning System	250	0
<b>Transport</b>		
Transit 15	2,090	131
Major Schemes	1,151	34
Growthpoint	114	-33
Local Transport Plan	5,298	703
Connect 2 Project	500	0
East Durham Rail Halt	500	0
Bishop Auckland Station	999	0
Park & Ride Extension	250	2
Transport Corridors	750	0
<b>Minor Schemes</b>	<b>4,067</b>	<b>573</b>
<b>General Fund Total</b>	<b>68,705</b>	<b>5,914</b>
<b>Housing Revenue Account</b>		
Durham City Homes	6,700	957
East Durham Homes	20,267	2,150
Dale and Valley Homes	5,900	102
New Build II: Wear Valley	2,096	953
Housing Demolitions & Regeneration	3,397	84
<b>Housing Revenue Account Total</b>	<b>38,539</b>	<b>4,246</b>
<b>RED Total</b>	<b>107,244</b>	<b>10,160</b>

**Economy and Enterprise  
Scrutiny Committee**

**6 October 2011**

**Overview And Scrutiny Review –  
Durham City Homes**



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**Report of Lorraine O'Donnell, Assistant Chief Executive**

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**Purpose of the Report**

- 1 The purpose of this report is to provide an update of the progress against the recommendations contained in the Overview and Scrutiny Review Report "Durham City Homes".

**Background**

- 2 On 2 November 2010, Cabinet considered a detailed review report in respect of Durham City Homes. In receiving the report, Cabinet agreed that a report would be submitted back to the Economy and Enterprise Overview and Scrutiny Committee detailing progress made against recommendations.
- 3 The attached Action Plan highlights the progress made in relation to each recommendation, the person/service responsible and, where appropriate, information in relation to the timescale.

**Recommendations**

- 4 Members are requested to consider the attached Action Plan and to note the progress made in relation to the specific recommendations.

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## **Appendix 1: Implications**

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### **Finance –**

Implementation of recommendations within the report may require further additional resources.

### **Staffing –**

None.

### **Risk –**

None.

### **Equality and Diversity –**

None.

### **Accommodation –**

Recommendations within the report impact on the Council's responsibilities within section 17 of the Crime and Disorder Act 1998.

### **Crime and Disorder –**

None.

### **Human Rights –**

None.

### **Consultation –**

None.

### **Procurement –**

None.

### **Disability Discrimination Act –**

None.

### **Legal Implications –**

None.

**OVERVIEW AND SCRUTINY WORKING GROUP REPORT – DURHAM CITY HOMES  
REVIEW OF RECOMMENDATIONS CONSIDERED BY CABINET SEPTEMBER 2010.**

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>1. That the Cabinet note the work undertaken by Durham City Homes in understanding their customer profile and ensuring that the key improvement priorities detailed within the Improvement Plan mirror the aspirations of DCH customer base.</p>	<p>n/a</p>		
<p>2. That this report and the conclusions and recommendations detailed therein be used as evidence to support DCH in their forthcoming Audit Commission Inspection and to demonstrate the effectiveness of the DCH Improvement Plan.</p>	<p>The Council was advised by letter on 11 October 2010 that the Tenant Services Authority (TSA) had decided not to formally commission and proceed with an “advance notice inspection” of Durham City Homes Landlord Services at this current time. This means the inspection originally programmed and notified to the Council by the Audit Commission to take place in January 2011 would not now take place.</p> <p>The Council was informed that some form of inspection may still take place at a later date and accordingly the Overview and Scrutiny Review report and recommendations in relation to Durham City Homes will be retained as evidence should such an inspection occur.</p>		

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>3. That Cabinet note the good progress being made by DCH against delivering a number of projects and initiatives identified within the Improvement Plan, particularly in respect of "Customer facing" improvements.</p>	<p>n/a</p>		
<p>4. The Enhanced Tenancy Involvement Initiatives introduced by Durham City Homes are to be welcomed.</p>	<p>n/a</p>		

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>5. DCH should seek to ensure that take up amongst these initiatives is reflective of the Customer profile and that more work is undertaken to increase participation amongst younger tenants.</p>	<p>DCH continue to undertake comprehensive customer profiling and currently hold data for 73% of our tenants, with a target of 90% by year end. We will be producing an interim profiling report in December 2011 which will set out the information gathered to date on the profile of our tenants. In the meantime, we use information gathered through our annual satisfaction survey to gain an understanding of the make – up of our tenant customer base. This information will all be used to understand how the profile of our involved tenants compares to the profile of tenants as a whole.</p> <p>We have recently expanded the diversity of our involved tenants through the implementation of new involvement activities and are currently planning a “young person’s focus group” which specifically targets our younger tenants. In 2009/10 we commissioned the young people’s charity Centrepoint to undertake consultation work with young people, training for our staff on working with young people and consultation with other agencies working with young people. This has resulted in an action plan to further develop young people’s involvement.</p>	<p>Service Improvement Team</p>	<p>December 2011</p>

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>6. DCH should improve publicity and information provided to local Councillors and tenants when Estate Walkabouts are organised to ensure wide participation.</p>	<p>All Estate Walkabout timetables and information are provided in the "Tenant matters" newsletter which is sent to all tenants, leaseholders, elected members and Parish Council's. Posters with the timetable are put up in venues across Durham City and are on the Council's website.</p>	<p>Estates and Tenancy Team</p>	<p>Complete</p>
<p>7. The increase in staff resource for DCH is welcomed and will assist in ensuring the delivery of the Improvement Plan.</p>	<p>n/a</p>		
<p>8. Cabinet should note the problems that have been experienced in filling posts during a prolonged period of Local Government Reorganisation, with competing demands for HR support being evident from within the Regeneration and Economic Development Service Grouping.</p>	<p>n/a</p>		
<p>9. The move to a more unified, multi-disciplined housing team for Durham City Homes should be the subject of an early report to Cabinet.</p>	<p>Although no further report has been sent to Cabinet, work has progressed in this area. Service Level Agreements are in place for all services delivered to tenants by other teams across the Council and regular monitoring meetings take place to improve service delivery, performance and joint working and communication. In July, the Council agreed that the Durham City rents team would move from the Resources Directorate to become part of Durham City Homes.</p>	<p>Durham City Homes</p>	<p>Ongoing</p>



Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>10. Cabinet note the progress made by DCH in developing a robust Performance Management system that feeds into the Service Grouping and Corporate Performance Management processes.</p>	<p>n/a</p>		
<p>11. DCH needs to supplement their existing Performance Management information with Benchmarking data which allow comparative performance to be assessed against other Housing providers nationally, regionally and locally.</p>	<p>DCH continues to improve its approach to benchmarking. The annual report, first published last year and sent to all tenants, contained comparative information, the annual Delivery Plan sets targets and reports performance compared to others and DCH has been an active member of the Housemark Benchmarking club for several years. We have just received our second annual benchmarking report, which compares our performance and costs to our peers, including the other two local providers.</p>	<p>Service Improvement Team</p>	<p>Complete</p>

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>12. The working group:-</p> <p>(a) note the existing arrangements for reporting on DCH performance Management information (Performance Indicators - PIs) to the Service Grouping and the development of exception reporting to Cabinet; and that the relevance of the PIs will be reviewed as part of the Council Plan and MTFP processes.</p> <p>(b) The working group recommend that DCH performance Management information is also reported to the Economy and Enterprise Overview and Scrutiny Committee.</p> <p>(c) It is also recommended that regular comparator performance information should be developed for DCH (in house provider), Dale and Valley Homes and East Durham Homes (the ALMOs) together with the Co.Durham LSVT's where appropriate and subjected to periodic reporting to Overview and Scrutiny.</p>	<p>All performance is reported through the RED performance management structure with regular attendance and participation in Housing Performance Clinics.</p> <p>The Economy and Enterprise O&amp;S Committee has received performance management information on the 15<sup>th</sup> November, 2010 and it is planned that the meeting on the 14<sup>th</sup> November, 2011 will receive further performance management information.</p> <p>Comparator performance information was provided to the Economy and Enterprise Scrutiny Committee on the 15<sup>th</sup> November, 2011 and it is intended that the meeting on the 14<sup>th</sup> November, 2011 will receive further performance information.</p>	<p>Service Improvement Team</p> <p>Overview and Scrutiny Team</p> <p>Overview and Scrutiny</p>	<p>Complete</p> <p>To be reported annually.</p> <p>To be reported annually.</p>

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>13. The previously agreed capital and Revenue investment into DCH is to be welcomed and will ensure that the Improvement Plan initiatives are fully funded and that DCH will meet Decent Homes standard by the end of 2010.</p>	<p>All homes managed by DCH achieved the Decent Homes standard on 31<sup>st</sup> March 2011. We were the first social housing provider in the County to achieve this standard and implemented our own "Durham Plus Standard".</p>	<p>Decent Homes Team</p>	<p>Complete</p>
<p>14. More work is needed to review Services' costs in providing the responsive repairs service and elements of the Capital Programme to ensure that DCH receive Value for Money.</p>	<p>Significant work has been undertaken to ensure DCH delivers good VFM.</p> <p>In September 2010 we commissioned with Direct Services an independent VFM review of our repairs service which resulted in the implementation of an action plan leading to savings and VFM improvement.</p> <p>We have also become active members of the North East Procurement Network and have made significant savings in delivery of our capital programmes, which we have been able to re-invest in tenants' homes.</p>	<p>Decent Homes Team Repairs Team</p>	<p>Complete</p>
<p>15. Additional work in developing Service Level Agreements for the provision of Corporate Support Services to Durham City Homes should be subject to early review to ensure that they are robustly performance managed and also provide Value for Money.</p>	<p>DCH are currently in the process of reviewing existing Service level Agreements with internal providers and establishing new ones with the aim of improving value for money and service delivery.</p>	<p>Manager, Durham City Homes</p>	<p>November 2011</p>

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>16. To support the developing work being undertaken in respect of the financial modelling of the Government's Housing "offer" and its implications for Durham City Homes, the proposed Stock Options appraisal and condition survey be progressed and the earmarking of reserves to finance this is supported.</p>	<p>The Stock Options Appraisal process is being progressed and has been reported to scrutiny.</p>	<p>Housing Directions Team</p>	<p>December 2011</p>
<p>17. The proposed timeline and project plan for the Stock Options work be reported to Overview and Scrutiny periodically.</p>	<p>The Economy and Enterprise O&amp;S Committee considered a report detailing the timeline and project plan for the Stock options Appraisal at it's meeting on the 4<sup>th</sup> February , 2011.</p> <p>A further update was provided to members at the meeting on the 15<sup>th</sup> July, 2011 in relation to the progress made , stock options available and next steps. It was decided by members that a special meeting should be held on the 28<sup>th</sup> , 2011 , providing an opportunity for members to discuss with the consultants, the various stock options highlighted in the report.</p>	<p>Overview and Scrutiny Team</p>	<p>Until the conclusion of the Stock Options Appraisal.</p>

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>18. The Working Group recommends that the Economy and Enterprise Overview and Scrutiny Committee be engaged in the proposed options appraisal work in respect of the future provision of Housing services within Durham City.</p>	<p>At a special meeting of the Economy and Enterprise O&amp;S Committee held on the 28<sup>th</sup> September, 2011, members received a presentation from the Consultants focusing on the stock options available. Comments made by members at that meeting were then feed into the ongoing consultation process.</p> <p>A further update will be provided to the committee at the meeting on the 14th November, 2011.</p>	<p>Overview and Scrutiny Team</p>	<p>Until the conclusion of the Stock Options Appraisal.</p>
<p>19. DCH should improve publicity and information provided to local Councillors and tenants when Estate Walkabouts are organised to ensure wide participation.</p>	<p>All Estate Walkabout timetables and information is provided in the "Tenant matters" newsletter which is sent to all tenants, leaseholders, elected members and Parish Council's. Posters with the timetable are put up in venues across Durham City and are on the Council's website.</p>	<p>Estates and Tenancy Team</p>	<p>Complete</p>

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>20. DCH need to ensure that they have a robust communications plan in place when tenants are faced with Capital Works and a potential degree of upheaval and disturbance to ensure that they can make a informed decision whether to remain in their property whilst works are undertaken.</p>	<p>We provide all tenants with at least 21 days notice of capital Works and ensure that tenants are contacted by the relevant project supervisor for this work. We will be launching our new and revised Decent Homes Information pack in October 2011 which will ensure that tenants have more effective information about the capital works being undertaken in their home.</p> <p>The capital programme is published annually in the tenants newsletter and is available on the Council's website.</p>	<p>Decent Homes team</p>	<p>October 2011</p>
<p>21. That those issues raised by Age Concern in respect of customer access problems into Durham City Homes be referred to the "Customer First" project Group for consideration.</p>	<p>Representatives from DCH and the Council's Housing Solutions Team have met regularly with Age Concern to improve support for older people who are wishing to move home. Services to assist people to bid for properties through Durham Key Options continue to improve, with greater support being offered.</p>	<p>Durham City Homes and the Housing Solutions Team</p>	<p>Ongoing</p>
<p>22. DCH must ensure that where service improvements and developments are introduced, they are communicated to service users by way of a robust Marketing and Communications plan.</p>	<p>We have a robust communications and marketing plan and ensure that all tenants are informed through a combination of the following methods:</p> <ul style="list-style-type: none"> <li>• Tenants Matter Open Day</li> <li>• Tenant Matters newsletter</li> <li>• Durham City Homes Website</li> <li>• Annual Report</li> <li>• Press Releases</li> <li>• Flyers and posters within contact centres</li> </ul>	<p>Service Improvement Team</p>	<p>Complete</p>

Review Recommendation	Progress report of action taken to implement recommendation	Resib'ty	Timescale
<p>23. DCH develop a relationship with Age Concern Durham County to ensure that the more vulnerable and elderly tenants will have a mechanism through which their voice can be heard and that Age Concern Durham County be invited to participate in Service Improvement and Engagement activity and initiatives.</p>	<p>We have developed effective working relationships with Age UK Durham to ensure our more vulnerable tenants have an opportunity to influence service delivery. As one of our partners Age UK are invited to participate in our improvement and engagement activities, including the recent "Stakeholders Conference" in July, designed to enable a range of partners to hear more about our services and comment on areas of improvement.</p>	<p>Lettings Team</p>	<p>Complete</p>
<p>24. The report's conclusions and recommendations be considered by Cabinet against the context of the forthcoming Comprehensive Spending Review and be used as evidence to support Durham City Homes during the planned Audit Commission Inspection in January 2011.</p>	<p>The planned Audit Commission Inspection did not occur due to re-organisation issues within the Audit Commission and Tenant Services Authority. We have commissioned 4 mock inspections of our services and have developed action plans for improvement within these areas.</p>	<p>Service Improvement Team</p>	<p>Complete</p>
<p>25. A review of these recommendations be brought back to the Economy and Enterprise Overview and Scrutiny Committee within six months.</p>	<p>It is intended that a further report detailing progress against recommendations will be considered at the Economy and Enterprise O&amp;S Committee at the meeting scheduled for June 2012.</p>	<p>Overview and Scrutiny Team</p>	<p>June 2012.</p>

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**Economy and Enterprise  
Overview and Scrutiny Committee**

**6 October 2011**



**Increasing the Employment  
Opportunities of Young People  
(18 – 24)**

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**Report of Lorraine O'Donnell, Assistant Chief Executive**

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**Purpose of the Report**

- 1 To present a proposed Terms of Reference and Project Plan in order to initiate a Scrutiny Review focusing on Increasing the Employment Opportunities of Young People (18-24). The focus will include an examination of how Durham County Council and its Partners can further develop support for and engagement with employers in County Durham to this end.

**Background**

- 2 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on the 4 April 2011, a refresh of the Work Programme for 2011-2013 was considered within the context of the "Altogether Wealthier" priority theme of the Council Plan 2011-2014. At the meeting, Members were informed that there was a need to identify potential topics for focused review work to be undertaken by the Committee.
- 3 It was highlighted to Members that the refresh had identified within the current Committee Work Programme (2009-2011) the following gaps:
  - Increased numbers of people in employment with a focus on young people.
  - Improved retail, business and residential offer in Durham City and its immediate locality.

In addition, Members were reminded that in relation to quarterly performance reports they had frequently expressed their concerns about RED PI 7, the number of 18-24 year olds claiming JobSeekers' Allowance (JSA), which continued to increase on a quarterly basis (Quarter 2 - 4390, Quarter 4 – 4770).

- 4 Members, at the meeting of the Economy and Enterprise Overview and Scrutiny Committee on the 2 June 2011, considered a presentation by Ken Jarrold, Independent Chair of the County Durham Economic Partnership on the work of the Partnership, highlighting areas of focus which included issues in relation to unemployment and young people.
- 5 At a further meeting of the Committee on the 15 July, 2011, Members considered a report and presentation focusing on the County Durham Economic Assessment (CDEA) which also highlighted young people as a priority within the "People" baseline topic report. It was therefore agreed by the Committee that young people and unemployment within County Durham would be the area for focused Scrutiny Review by the Economy and Enterprise Overview and Scrutiny Committee.
- 6 A Special Meeting of the Economy and Enterprise Overview and Scrutiny Committee was held on the 8 September 2011 where Members received a report providing information on the national policy context, points of policy which will impact upon the design and delivery of support in County Durham, local policy priorities, resource availability and Partners/ Services currently involved in the delivery of support. In addition a presentation was provided which provided Members with further information in relation to unemployment trends, the current position relating to those Not in Employment, Education or Training (NEETs), previous job creation schemes, the current approach to apprenticeships, DCC involvement with apprenticeships, challenges and opportunities.
- 7 Having considered the report and presentation, it was agreed by Members that the Scrutiny Review would focus on how Durham County Council and Partners can further develop Partnership working to Increase the Employment Opportunities of Young People (18-24) by improving how we support/engage with employers in County Durham.
- 8 Undertaking this review is timely as July 2011 figures show the JSA claimant count for County Durham has risen by 864 persons in July, at a time when it would be expected to be falling. The underlying trend in the overall JSA count is reflected also by the underlying trend in youth unemployment (18-24 year olds), the change on the previous month's trend figures of an increase of 144 persons. In relation to the "national picture" latest figures for the three months to July 2011 show that the number of people unemployed in the UK rose by 80,000 to 2.51 Million, the largest increase in nearly two years, the jobless rate now stands at 7.9%. Youth unemployment also rose sharply by 78,000 to 973,000 with the total number claiming JSA rising by 20,300 in August to 1.58 Million.

## **Current position**

- 9 Attached for Members' consideration are the Terms of Reference and Project Plan. The Terms of Reference details the Review's background, purpose, objectives, focus, reporting arrangements and timescale. In summary, the review will provide Members with information on various interventions, funding, current schemes to support young people, case studies and examples of best practice, current engagement with employers including a mapping exercise and issues/barriers experienced by employers in relation to employing young people.
- 10 In addition it is intended that Members will visit some of the projects within County Durham which currently provide support to young people, increasing their employment opportunities.
- 11 The Working Group meetings and visits are to take place between October and December 2011 with a Report scheduled to be presented to the Committee in February 2012 and Cabinet in March 2012.

## **Recommendation**

- 12 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note the information contained within this report and agree to the proposed Terms of Reference and associated Project Plan (attached as Appendix 2).

## **Background Papers**

- Economy and Enterprise Overview and Scrutiny Report – Young people and Unemployment.
- Monthly Economic Update – July 2011.

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## **Appendix 1: Implications**

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**Finance** – A number of the various funding streams, Single Programme, Working Neighbourhoods (WNF), Local Enterprise Growth Initiative (LEGI) have been abolished. In addition Job Creation Schemes such as Future Jobs Fund (FJF) no longer exist. The Authority, working in partnership, has to access the new funding currently available from Government and any new Job Creation Schemes.

**Staffing** – None.

**Risk** – The Authority, working in partnership, has to access the alternative funding and any new job creation schemes as quickly as possible to ensure that support into employment and job creation continues to be provided.

**Equality and Diversity** – Equality and Diversity Issues will be addressed within the individual initiatives and schemes which provide employment support and job creation.

**Accommodation** – None.

**Crime and Disorder** – None.

**Human Rights** – None.

**Consultation** – None.

**Procurement** – The Authority has developed a Targeted Recruitment and Training (TRT) approach which involves targeting developers in early discussions to secure local employment opportunities and training opportunities from forthcoming developments.

**Disability Issues** – Disability issues will be addressed within any individual initiatives and schemes which provide employment support and job creation opportunities.

**Legal Implications** – None.

**Economy and Enterprise  
Overview and Scrutiny Committee**

**Increasing the Employment Opportunities of Young People (18-24)**

**Terms of Reference of Project**

**Background and rationale for the Review**

Members of the Economy and Enterprise Overview and Scrutiny Committee have agreed to undertake a review focusing on the work of the Authority and Partners undertaken to increase the job opportunities for Young people in County Durham.

This topic was selected by the Committee as a result of the following:

- A refresh of the work programme within the context of the “Altogether Wealthier” priority theme of the Council Plan 2011-2014 identified within the current Committee work programme the following gap;
  - Increased numbers in employment with a focus on Young people.
- Quarterly performance reports to the Committee identified RED PI 7- Number of 18-24 year olds claiming JobSeekers Allowance (JSA), as underperforming on a quarterly basis, continuing to give members concern. For Quarter 4 (March 2011), the figure was 4,715 equating to 35.7% of the total number of JSA claimants, much higher than the proportion of the resident population of the same age which equates to 9.4% and is higher than the national average of 7.3%.
- At the Committee meeting held on the 2 June 2011 Members of the Economy and Enterprise Overview and Scrutiny Committee received a presentation from Ken Jarrold, Independent Chair of the County Durham Economic Partnership, which highlighted areas of potential focus identified in the County Durham Economic Assessment (CDEA) which included youth unemployment.
- In addition the Committee considered a report and presentation at the meeting on the 15 July 2011 focusing on the County Durham Economic Assessment (CDEA). At the meeting Members of the Committee were informed that in preparing the Assessment, baseline topic reports had been produced focusing on Business, People and Places. Implementations plans have been produced for the above areas which outline priorities, interventions and practical mechanisms which can be used to improve our assets within the County.

Young people feature as Priority 1 within the People Implementation Plan - which seeks to ensure that Young people gain the skills and experience they need for successful careers and to meet the needs of County Durham's employers by changing attitudes to work, raising expectations and aligning career choices with sub-regional and regional economic characteristics.

Members were informed that it was intended that in order to achieve the above priority work would be structured around:

- Educational support in schools - Review of support and how to continue/refine for the future.
- Enterprise in Schools - Improved training for teachers in enterprise education and increased placement take up. Consider the expansion of existing projects in this area together with the roll out of new qualifications in enterprise.
- School Leaver Employability – There is a need to better understand employers' requirements of employability of young workers. Explore scope to develop accredited employability qualification. Work more intensively with local secondary school Head Teachers to encourage school - employer links.
- Pre-apprenticeship Support - Explore expanding existing Young Apprenticeships programme, the Connexts Model and work experience for the Not in Employment, Education or Training (NEET) group. In addition there is a need to investigate accrediting work experience placements.
- Work with Schools, FE Colleges and Employers to better prepare young people for the world of business and enterprise, ensure they have the skills required by Employers.
- Apprenticeships – Working with the National Apprenticeship Service (NAS) and partners to influence provision, identify good practice and increase employer participation. Developing role of public sector as work placement provider and influencer.
- At a Special Meeting on the 8 September 2011, Members of the Economy and Enterprise Overview and Scrutiny Committee received a report which provided information on the national policy context, identifying points of policy which will impact upon the design and delivery of support in County Durham, local policy priorities, resource availability and Partners/Services currently involved in the delivery of support. In addition a presentation was provided which provided information in relation to unemployment trends, current NEETs position, previous Young Persons Guarantee, Future Jobs Fund, current approach to apprenticeships, DCC involvement with apprenticeships, challenges and opportunities.

In relation to challenges the following areas were highlighted:

- Employer engagement.
- Raising the profile of apprenticeships.
- Demonstration return on investments by employers.
- Embedding as real alternative to academic studies.

Latest figures for the three months to July 2011 show that the number of people unemployed in the UK rose by 80,000 to 2.51 Million, the largest increase in nearly two years, the jobless rate now stands at 7.9%. Youth unemployment also rose sharply by 78,000 to 973,000 with the total number claiming JSA rising by 20,300 in August to 1.58 Million.

### **Review Purpose**

To identify how Durham County Council and Partners can further develop Partnership working to Increase the Employment Opportunities of Young People (18-24) by improving how we support/engage with employers in County Durham.

### **Objectives**

- (1) To provide an overview for the review group in relation to:
  - The national policy context including specific points of policy which will impact upon the design and delivery of support in County Durham – Apprenticeships, “Get Britain Working” measures, work programme, training entitlement - impact upon Employers, Wolfe Review, English Baccalaureate (E-BAC), “All-Age” Careers Service, proposals to help learners, Welfare Reform, radical changes to regional economic development policy and organisational arrangement and the co-design approach to employability.
  - Local policy priorities –employment trends including figures in relation to JSA claimants in County Durham, 18-24 JSA claimants, NEETs figures for County Durham, Future Jobs Fund figures (FJF) and various projects which support young people into employment - Apprenticeship brokerage service (East Durham), Esh Connexs, Future Business Magnates and Young Ambassadors, Business Enterprise Partnership, Targeted Recruitment and Training Programme, development of a follow up programme to the successful Future Jobs Fund (FJF) and the development of projects to link in with Hitachi.
  - Resource Availability including European Social Fund, The Department of Work and Pensions (DWP) Innovation Fund and Adults, Wellbeing and Health securing funding for delivery of apprenticeships.

- Partners/Services currently involved in delivery, 14 -19 Partnership, Adults, Wellbeing and Health, Derwentside Training, Area Action Partnerships, Education Business Partnership and the Prince's Trust, Duke of Edinburgh scheme.
- (2) To provide an overview in relation to unemployment trends (general), 18-24 JSA claimant trends, current NEET's position in the County, previous youth employment schemes (Young Persons Guarantee, apprenticeships (general) and challenges/opportunities within County Durham .
- (3) To gain an understanding of what is happening locally in relation to the various interventions to increase employment opportunities for young people, funding available, various schemes/work undertaken to enhance employment opportunities for the 18-24 age group in the County and case studies on a local and regional basis.

#### **Various interventions:**

- Overview of the various interventions available for 18-24 age group including work clubs, volunteering, pre-employment and work placement (through Service Academies and work experience), Work Programme (tailored support) apprenticeships, higher educational opportunities, vocational training (including the implications of the Wolfe Review), self employment (Including the Young Business Magnates) and various schemes introducing young people to the world of work i.e. "Learning the Business".

#### **Funding:**

- European Social Fund – Funding available within the County and regionally including the ESF/ Department of work and pensions co-financed programme.
- Innovation Fund.
- Funding for Apprenticeships including AWH securing funding to deliver frameworks.
- Skills Funding Agency (SFA) £50 Million.
- Any additional funding on a national or regional basis directed at (18-24 age group).



**Various schemes/work undertaken within the County to enhance employment opportunities for young people:**

- Work of the 14-19 Partnership in relation to participation, Learner entitlement, Learner support, employer engagement and infrastructure and the implications of the Wolfe report in relation to vocational training.
- Area Action Partnerships (AAPs) - Work undertaken within various Area Action Partnerships (AAPs) who have identified NEETs, Young people and unemployment as a priority including engagement undertaken with employers and the sharing of good practice.
- Work of the Business Enterprise Partnership undertaken with employers and schools, providing a number of support schemes introducing young people to the world of work i.e. "Learning the Business".
- Development of a follow up programme to the successful Future Jobs Fund (FJF), linking in with the extended 12 week (apprenticeship) work trial offered under the "Get Britain Working" measures and builds upon the relationships established via FJF.

**Examples of case studies and best practice involving young people on a local/regional basis focusing on:**

- Apprenticeships.
  - Work experience/work placements.
  - Introducing young people to the world of work.
  - Volunteering.
  - Self employment.
- (4) An understanding of the Partnership working in relation to employer engagement undertaken within the County including:
- Mapping exercise to identify all the various Partners within the County who engage with employers in relation to 18-24 age group.
  - Examples of how Partners and the Authority engage with employers including:
    - The work of the CDEP in relation to promoting apprenticeships, assessing employers skills requirements and encouraging employers to participate in projects focusing on young people/ establishment of an Employer Engagement Forum.

- The work of the FE Colleges, engaging with local employers to ensure that the training on offer to young people meet the needs of local employers. Also how FE colleges have become more competitive in relation to transport provision to attract young people.
  - The role of Jobcentre Plus in developing the strategy to align skills development with local employment needs.
  - The role of Durham County Council in relation to engaging with employers i.e. Area Action Partnerships, TRT, Business Enterprise Partnership, Derwentside Training and the Adult Learning Strategy – delivery of apprenticeship frameworks by AWH.
- (5) An awareness of employers issues/barriers in relation to employing young people.
- (6) Visits will be undertaken to some of the projects currently available within the County allowing members the opportunity to see first hand the support provided to young people.

### **Focus**

Building upon the above objectives the review should seek to identify the following outcomes:

- Raise awareness of the Government's proposals in relation to young people and unemployment.
- An awareness of the unemployment trends (general), 18-24 JSA claimant trends, current NEETs position in the County, previous youth employment schemes (Young Persons Guarantee, apprenticeships (general) and the challenges/opportunities facing County Durham .
- To gain an understanding of what is happening locally in relation to the various interventions for youth unemployment, funding , examples of Partnership working( including members visiting some of the schemes currently available within the County) and case studies and examples of best practice on a local and regional basis.
- To raise awareness of Partnership working in relation to employer engagement undertaken within the County, including examples of how various Partners and the Authority engage with Employers.
- An awareness of employers issues/barriers in relation to employing young people.

A Project Plan is attached identifying how the Review Group will gather its evidence to support the focus of this Review.

### **Reporting Arrangements**

The Overview and Scrutiny review group will report to the County Council's Assistant Chief Executive's Management Team, Corporate Management Team (CMT), the County Durham Economic Partnership, Economy and Enterprise Overview and Scrutiny Committee and Cabinet on its findings and recommendations.

### **Timescale**

The review is to complete its research period by January 2012 and report its findings to Cabinet in February/March 2012.

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## OVERVIEW & SCRUTINY REVIEW PROJECT PLAN – INCREASING THE EMPLOYMENT OPPORTUNITIES OF YOUNG PEOPLE (18 - 24)

WHEN Times/Dates/ Locations	DESIGNATED LEAD	WHO Key Witness	WHAT Evidence/Information	HOW Meeting/Visit/ Correspondence/ Briefing Paper/ Research	OUTCOMES	WHY
10.00AM 8 September 2011. Committee Room 1(A)	Member/ Officer Diane Close	Diane Close  Graham Wood	<p>An overview report providing information on:</p> <ul style="list-style-type: none"> <li>• National context – Govt policy which will affect County Durham.</li> <li>• Local policy priorities.</li> <li>• Resource availability.</li> <li>• Partners/services currently involved in delivery of support.</li> </ul> <p>A presentation providing an overview in relation to:</p> <ul style="list-style-type: none"> <li>• Unemployment trends.</li> <li>• NEET's position.</li> <li>• Young Persons Guarantee/FJF.</li> <li>• Approach to apprenticeships.</li> <li>• DCC involvement in apprenticeships.</li> <li>• Challenges and opportunities.</li> </ul>	<p>Report .</p> <p>Presentation from officer</p>	<ul style="list-style-type: none"> <li>• To set the scene for members in relation to the national context , local policy priorities , local resources, unemployment trends, apprenticeships, challenges and opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• To give members the information on the national and local scene to allow them to determine the focus for the Scrutiny Review Group.</li> </ul>
10.00AM 13 October 2011. Committee Room 1(A)	Diane Close	Graham Wood  Graham Wood	<p>An overview of the funding available within the County to increase young people's employment opportunities including:</p> <ul style="list-style-type: none"> <li>• European Social Fund (ESF).</li> <li>• The Innovation Fund.</li> <li>• Funding for Apprenticeships including AWH.</li> <li>• Skills Funding Agency (SFA) available funding.</li> <li>• Any additional funding on a National/Regional basis directed at the 18 - 24 age group.</li> </ul> <p>An overview of the various interventions available for 18 - 24 age group including :</p> <ul style="list-style-type: none"> <li>• Work Clubs, volunteering, pre-employment and work placement (through Service Academies)- measures in 'Get Britain working' .</li> <li>• Apprenticeships - including levels of apprenticeships, retention rates, geographical breakdown within County and sector breakdown.</li> <li>• Higher Education opportunities</li> <li>• Vocational training available including the implications of the Wolfe Review).</li> <li>• Self employment (Including the Young Business Magnates).</li> <li>• Schemes introducing young people to the world of work i.e ' Learning the Business' .</li> </ul>	<p>Report and/or presentation from officer.</p> <p>Report and/or presentation from Officer.</p>	<ul style="list-style-type: none"> <li>• Members will be given information on the funding available for the 18-24 age group, increasing job opportunities..</li> <li>• Members will be provided with an overview of the various interventions available within the County for the 18-24 age group to increase their employment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Members will be aware of the current funding available for the 18 -24 age group in relation to increasing job opportunities..</li> <li>• Members will be aware of the various interventions available within the County for the 18-24 age group to increase their employment opportunities.</li> </ul>

WHEN Dates/ Locations	DESIGNATED LEAD Member/ Officer	WHO Key Witness	WHAT Evidence/Information	HOW Meeting/Visit/ Correspondence/ Briefing Paper/ Research	OUTCOMES	WHY
10.00AM 2 November, 2011. Committee Room 2.	Diane Close	Linda Bailey Sue white Diane Close	<p>Various schemes/work undertaken within the County to enhance employment opportunities for young people</p> <ul style="list-style-type: none"> <li>• Work of the 14-19 Partnership.</li> <li>• Business Enterprise Partnership.</li> <li>• Briefing for members on the work of various Area Action Partnerships in relation to Young people and employment</li> </ul>	<p>Presentations and /or reports by officers.</p> <p>Report</p>	<ul style="list-style-type: none"> <li>• Members will be given information of various schemes delivered within the County to help increase young people's (18 - 24) employment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Members will have a knowledge of various schemes delivered within the County to increase young peoples job opportunities...</li> </ul>
10.00AM 11 November, 2011. Committee Room 2.	Diane Close	Graham Wood  Graham Wood	<ul style="list-style-type: none"> <li>• Development of a follow up programme to the FJF, role of Derwentside training, Duke of Edinburgh Scheme and East Durham Business Service Apprenticeship Brokerage Service.</li> <li>• A mapping exercise identifying all the various Partners within the County who engage with employers in relation to the 18-24 age group.</li> </ul>	<p>Presentation and/or report.</p> <p>Information from officer - chart.</p>	<p>As above</p> <ul style="list-style-type: none"> <li>• Members will receive information on the Partners within the County who engage with employers in relation to the 18-24 age group.</li> </ul>	<p>As above</p> <ul style="list-style-type: none"> <li>• Members will be aware of all the Partners within the County who engage with employers in relation to the 18-24 age group.</li> </ul>
10.00AM 15 November, 2011. Committee Room 1(A).	Diane Close	CDEP  FE Colleges  Graham wood/ JCP	<p>Examples of how Partners and the Authority engage with employers including:</p> <ul style="list-style-type: none"> <li>• Work undertaken by the CDEP in relation to Young people and unemployment. Including promoting apprenticeships, assessing employers skills requirements, encouraging employers participation in schemes to support young people.</li> <li>• Work of FE colleges in relation to engagement with employers, ensure that the training on offer to young people meet local employers needs, transport arrangements..</li> <li>• Examples of case studies and best practice involving young people on a local and regional basis focusing on: <ul style="list-style-type: none"> <li>○ Apprenticeships.</li> <li>○ Work experience/work placements.</li> <li>○ Introducing young people to the world of work.</li> <li>○ Volunteering.</li> <li>○ Self employment.</li> </ul> </li> </ul>	<p>Presentations and/or reports.</p> <p>Presentation and/or information/report.</p> <p>Briefing note provided for members.</p>	<ul style="list-style-type: none"> <li>• Members will be presented with information detailing the work of the CDEP and FE Colleges in relation to employer engagement within the County..</li> <li>• Members will be provided with case studies of young people who have participated in various interventions and have gained employment.</li> </ul>	<ul style="list-style-type: none"> <li>• Members will be aware of the work of the CDEP and FE Colleges in relation to employer engagement within the County..</li> <li>• Members will be aware of case studies of young people who have participated in various interventions and have gained employment.</li> </ul>

WHEN Times/Dates/ Locations	DESIGNATED LEAD Member/ Officer	WHO Key Witness	WHAT Evidence/Information	HOW Meeting/Visit/ Correspondence/ Briefing Paper/ Research	OUTCOMES	WHY
10.00AM 30 November, 2011.	Diane Close	Visits to various support schemes	To be determined	Visits	<ul style="list-style-type: none"> <li>Will allow members to see first hand the positive work being undertaken within the County.</li> </ul>	<ul style="list-style-type: none"> <li>Will allow members to see first hand the positive work being undertaken within the County.</li> </ul>
10.00AM 22 December, 2011.	Diane Close	JCP	<ul style="list-style-type: none"> <li>Work undertaken by Jobcentre Plus in relation to engagement with employers including development of a strategy to align skills development with local employment needs.</li> </ul>	Presentation and/or report.	<ul style="list-style-type: none"> <li>Members will receive information on the work of JCP in relation to Employer engagement and support..</li> </ul>	<ul style="list-style-type: none"> <li>Members will receive information on the work of JCP in relation to Employer engagement and support.</li> </ul>
10.00am 12 January, 2012.	Diane Close	Graham Wood  Employers	<ul style="list-style-type: none"> <li>The role of the Authority in relation to engaging with employers ie. AAP's, TRT, Business Enterprise Partnership, links established via FJF, Derwentside Training.</li> <li>Discussion with employers on barriers and issues to employing young people</li> </ul>	Presentation and/or report.  Discussion employers with employers	<ul style="list-style-type: none"> <li>Members will receive information on the work of the Authority in relation to employment engagement.</li> <li>opportunity to speak to employers and identify barriers and issues in relation to employing young people.</li> </ul>	<ul style="list-style-type: none"> <li>Members will receive information on the work of the Authority in relation to employer engagement.</li> <li>Members will have an understanding of the barriers and issues in relation to employing young people.</li> </ul>
10.00am 30 January, 2012.	Diane Close	Visits	<ul style="list-style-type: none"> <li>To be determined.</li> </ul>	Visits	<ul style="list-style-type: none"> <li>Will allow members to see first hand the positive work being undertaken within the County.</li> </ul>	<ul style="list-style-type: none"> <li>Will allow members to see first hand the positive work being undertaken within the County.</li> </ul>

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