Durham County Council

Economy and Enterprise
Overview and Scrutiny Committee

Date	**Monday 13 February 2012**
Time	**10.00 am**
Venue	**Committee Room 2 - County Hall, Durham**

Business

Part A

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

1. Minutes of the meetings held 17 November 2011 and 19 December 2011 (Pages 1 - 18)
2. Declarations of Interest, if any
3. Items from Co-opted Members or Interested Parties, if any
4. Media Relations:

   Update on Press Coverage.
5. "The Statistical Bias Against Unitary Counties": (Pages 19 - 56)
   - (i) Report of the Corporate Director Regeneration and Economic Development.
   - (ii) Presentation by Professor Steve Fothergill, Centre for Regional Economic and Social Research, Sheffield University.
6. Update on the Stock Option Appraisal: (Pages 57 - 62)
   - (i) Joint Report of the Assistant Chief Executive and Corporate Director Regeneration and Economic Development.
   - (ii) Presentation by Marie Roe, Housing Stock Option Manager.
7. Update on the Local Enterprise Partnership (LEP): (Pages 63 - 64)

   Report of the Corporate Director Regeneration and Economic Development.
8. 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
3 February 2012

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

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

Councillors J Armstrong, B Arthur, A Barker, 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

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DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE
OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 1A - County Hall, Durham** on **Thursday 17 November 2011 at 10.00 am**

Present:

Councillor J Moran (Chair)

Members of the Committee:
Councillors A Naylor, B Arthur, J Cordon, B Graham, P Jopling, C Potts and M Williams

Co-opted Members:
Mr A Kitching and Mr JB Walker

Apologies:
Apologies for absence were received from Councillor(s) C Carr, J Hunter, P Stradling, A Willis, Mrs O Brown and Mr D Lavin

A1 Declarations of Interest, if any

Councillor P Jopling declared a personal interest in relation to Item 3, as a Board Member of Dale and Valley Homes.

A2 Items from Co-opted Members or Interested Parties, if any

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

A3 Performance Reporting: Durham City Homes, Dale & Valley Homes and East Durham Homes

The Principal Overview and Scrutiny Officer, Stephen Gwillym referred Members to the covering report within the agenda papers and noted that the format of the meeting would be similar to last year, though a summary of the performance information had been produced for Members' information and was also attached to the agenda papers. Members noted that the Chief Executives of each of the Arms Length Management Organisations (ALMOs), Dale and Valley Homes (DVH) and East Durham Homes (EDH), together with the Manager of Durham City Homes (DCH) would give a brief presentation and speak to the Committee as regards their Annual Report and performance.

The Chair introduced the Manager, DCH, Simon Bartlett to speak in relation to the Council's "In-House Housing Organisation".

The Manager, DCH explained that the Annual Report for DCH was developed in conjunction with Tenants, set out the performance in terms of the Tenants Services Agency (TSA) Standards and also included a section relating to finance and governance. Members were reminded that DCH was "In-House" to the Council and sat within the Regeneration and Economic Development (RED) Directorate and therefore had different governance arrangements than the 2 ALMOs. The Committee noted that the Annual Report had been developed with input from the Tenants' Panel at workshops sessions; focus groups; questionnaires to the "Sounding Board" a mailing list of over 350 Tenants; feedback from the "Tenant Matters" newsletter; an internet based survey; input from Staff and also taking into consideration the priorities identified by the Tenants' Panel.

The Committee heard that in relation to the TSA Standard "Tenant Involvement and Empowerment" DCH had introduced a compensation scheme, should service standards not be delivered; worked with young people via Centrepoint and held a first "Tenant Matters" conference. Councillors heard that priorities for 2011/12 were a Tenant Incentive Points Scheme; development of a Tenancy Sustainment Service and development of a "hard to reach" Involvement Programme. Members noted the performance in relation to this standard, with an increase in customer satisfaction with the Tenants' Panel having agreed the TSA requirements had been met, however they noted areas for improvement being: involving more tenants in the existing groups; increasing the diversity of involved tenants; increasing the variety of ways to get involved; looking to changing meeting times to suit tenants and letting more people know what DCH were doing.

In relation to the TSA Standard "Home", the Manager, DCH explained that all homes were at the Decent Homes Standard (DHS) as of 31 March 2011; DCH had extended the hours of contact in relation to non-emergency repairs and introduced text message alerts regarding repairs appointments. Councillors heard that priorities for 2011/12 were to explore alternative energy schemes; look at a "handyperson" scheme and introduce a text message service to report repairs. The Committee noted that performance was high in relation to this TSA Standard, though the issue of emergency repairs within timescale would need to be improved upon.
Members noted the Tenants' Panel were happy with performance and that DCH should aim to improve what they do, and specifically do more environmental improvements.

The Manager, DCH noted for the TSA Standard "Tenancy" DCH had performed better than last year in relation to rent collection and reduced the time taken in re-letting properties, though further reductions were needed. Members noted that the new Tenancy Agreement had been published; a "lettable standard" had been agreed with tenants and a number of Council Communal Rooms had been converted into rented housing. The Committee noted that the Tenants' Panel were satisfied that the TSA Standard was met, though DCH should look to find more ways of supporting new and existing tenants and ensure homes are well managed using Tenancy Enforcement Action where required.

Councillors learned that in relation to the TSA Standard "Neighbourhood and Community", DCH had several achievements: the introduction of 24 hours reporting for anti-social behaviour (ASB); further developed Estate Walkabouts and "Estate Guides" for each of the DCH estates. Members noted that the priorities for 2011/12 were to establish a victim support service for people suffering ASB; to publish a Neighbourhood Policy and to set up Neighbourhood Groups to increase local involvement and to develop a Support Service Directory for tenants and leaseholders.

The Manager, DCH explained that the Tenants' Panel had noted that they felt DCH should deal with ASB issues quickly; establish local groups to promote community pride and to invest more funding in this area.

The Committee noted that for the final applicable TSA Standard, "Value for Money", DCH had joined the North East Procurement Group, giving a saving of £572,000 which could be reinvested in DCH properties; made a saving of over £161,000 on buying supplies and utilised volunteers, including people provided by the Probation Service, to reduce costs in relation to the painting of garage blocks. The Manager, DCH explained that the 2011/12 priorities were to review existing Service Level Agreements (SLAs) to maximise value for money; establish a Value for Money Working Group and to review the service level of the furniture scheme. Members noted that the Tenants' Panel had wished for further involvement in the financial decisions of DCH; more involvement in the management of contracts awarded by DCH and involvement in the specification of DHS.

The Manager, DCH explained that whilst the TSA Standard relating to Governance and Financial Viability was not technically applicable to DCH, the Annual Report did set out the information for clarity. Members were reminded that the Council's Cabinet was the actual decision making body, the DCH Non-Executive Board had its Terms of Reference refreshed; work had been undertaken with the Tenants' Panel to enhance their "scrutiny" role and the Service Improvement Groups had been looked at in order to ensure they continued to drive forward improvements.

Members were informed that for 2011/12 the priorities were to develop the role of the Tenants' Panel in scrutinising the work of DCH and that the biggest issue, indeed for all 3 Housing Providers, was that of changes to the financing of Council Housing and the ongoing Stock Options Appraisal (SOA) Project, which Members were already aware of through ongoing consultation and several Special Meetings of the Committee attended by the Council's Stock Options Appraisal Project Manager, Marie Roe and the Cabinet Portfolio Holder, Councillor C Robson. The Manager, DCH referred Members to the information within his presentation relating to finance, both capital and revenue and noted the work in relation to young people's employment with the "freeze" on the apprentice programme and one apprentice currently within the Repairs Section having been awarded Best North East Plumber of the Year. The Officer concluded by noting the planned improvements to be delivered in-house and through North East Procurement contracts would target 2 trainees per £1 million of contract value and 49 people in 2010/11 who undertook training, 11 with Durham postcodes, and so far 51 undertook training in 2011/12, with 13 of those having Durham postcodes.

The Chair introduced the Chief Executive of DVH, Peter Chaffer to speak in relation to the performance and Annual Report for DVH.

<u>Dale and Valley Homes</u>

Members were reminded that DVH was set up in 2006 and was responsible for over 4,000 properties, employing 75 people the majority of which lived locally. The Chief Executive, DVH noted that DVH had placed 26 out of 100 in the Sunday Times list of "best places to work in the public sector", best place public sector organisation in the North East and best ALMO in the country.

The Committee noted that DVH worked with Stakeholders: Customers through the Wear Valley Customer Panel and Customer Scrutiny Group; the Board with Vice-Chair being a customer and the Chair of one of the Committees being a customer; Young People with apprentices making up 10% of the staff and over 25% of the staff being former apprentices; and Partners working with Esh Property Services, Gentoo and Frank Haslam Milan (FHM).

The Chief Executive, DVH explained that customers had played a key role in deciding the format and content of the Annual Report with Housing Quality Network praising the Report stating "…like the format and feel of your report and it's been my favourite so far…".

Members noted that for 2010/11 DVH performed at target in relation to repairs and rent arrears and were ahead of target in relation to decent homes and empty properties. Councillors noted that staff sickness absence levels were above target, though represented a small percentage as DVH had a small number of staff. The Chief Executive, DVH explained that the target of 0% gas safety certificates outstanding, with the 2010/11 figure having been 0.07%, though it was noted that this situation had now been rectified.

In relation to the TSA Standard "Tenant Involvement and Empowerment", the Chief Executive, DVH explained that DVH was working well, with the investment of £219,000 in customers focus and the customer led scrutiny was in operation, having produced its first report. Members learned that satisfaction in relation to keeping customers informed had risen from 79% in 2008 to 91% in 2011; Customer Guarantees (Local Offers) had been established and DVH was working towards achieving the Customer Service Excellence Award.

The Chief Executive, DVH explained that for the TSA Standard "Home" DVH had managed to achieve a DHS of 93.7%, above the 2010/11 target and would deliver the "Decent Homes Plus" standard for all its properties by the end of 2013. Members noted ongoing improvements would be made in relation to the percentage of repairs completed right first time and in reducing the costs of repairs and maintenance.

The Committee learned that for the TSA standard "Tenancy", DVH had worked with the Council to deliver a £3.5 million development to replace two out-dated sheltered schemes, with the total investment being made by DVH being around £7 million. The Chief Executive, DVH added that a new Tenancy Agreement had been introduced and the Organisation was performing well in relation to rent collection. Councillors were interested to note that DVH had extended their contract with the Citizen's Advice Bureau (CAB) to assist customers with debt management issues and working to improve by the introduction of a Tenancy Sustainment Service; striving to improve re-let times for empty properties; improving satisfaction with new homes and holding the district-wide gardening competition.

The Chief Executive, DVH explained that in relation to the TSA Standard "Neighbourhood and Community" DVH had improved with customer satisfaction with their neighbourhood having increased from 78% in 2006 to 87% in 2011. Members learned that DVH had reviewed their approach to ASB, which was monitored through "customer guarantees". The Committee noted the continuation of the "Better Homes, Better Lives" fund for grants of up to £500 for community groups and the "Good Neighbour" awards in conjunction with the Weardale Gazette and Wear Valley Mercury newspapers. Councillors were informed that DVH were looking to introduce a gardening service to all customers, albeit a chargeable service, and to provide a more proactive service to tackle ASB.

The Committee learned that in relation to the TSA Standard “Value for Money” that DVH had reduced its costs by 12% over the last 5 years, allowing for inflation and the staff restructure for the end of 2010/11 will allow for costs to be 25% lower by the end of 2012/13 whilst improving performance. Member noted that DVH had reduced its repair costs by £300,000 last year, though further saving were required in this area. The Chief Executive, DVH added that as customers were a prime focus, DVH spend more on customer involvement and training compared to other ALMOs.

Similar to DCH, the Chief Executive, DVH explained that as an ALMO, DVH was not required to meet the TSA Standard in relation to “Governance and Financial Stability” though Members were informed DVH had a governance structure that: delivered in line with the DVH Business Plan in a transparent and accountable manner; provided effective risk management; included financial implications on all Board papers; a Finance and Audit Committee to oversee all spending; and customer led scrutiny built into arrangements feeding back through to the Finance and Audit Committee.

The Chief Executive, DVH added that the service standards “customer guarantees” introduced in April 2011 were performing well, with only 6 of the 45 guarantees not being delivered, and measure were being put in place to deliver on those 6 outstanding guarantees. As requested by Members, it was noted that DVH had 20 apprentices either in-house (7) or through sub-contacts with Esh Property Services on the decent homes works (4) and FHM on new build projects (9). Members noted that 12 former DVH apprentices now had permanent positions with DVH, and 5 former apprentices from DVH had moved into full-time positions at other companies. The Chief Executive, DVH noted the success of Clair Ord, one of DVH first apprentices who had been recently named as “Young Leader of the Year” by 24 Housing magazine.

The Chief Executive, DVH concluded by noting the sad passing of the Chair of the DVH Board, Norman Button. Members were made aware of the passion Mr Button brought to the role and in particular his focus on customer care and helping young people through apprenticeships. The Committee noted that Mr Button would be greatly missed by all of the DVH staff, customers and Board Members.

The Chair introduced the Chief Executive of EDH, Paul Tanney to speak in relation to the performance and Annual Report for EDH.

East Durham Homes

The Chief Executive, EDH noted that the Annual Report for EDH followed the TSA Standards, similar to the other reports and that again it was developed in conjunction with a Tenants’ Editing Panel, and the version within the agenda papers was a shortened version based upon a larger report.

The Committee learned that in relation to the TSA Standard “Tenant Involvement and Empowerment” EDH had gained the Customer Service Excellence Award; had met 95% of its service standards and improved performance in relation to complaints, satisfaction and the percentage of queries dealt with at the first point of contact.

Members learnt there was Resident Scrutiny in the form off the Customer Improvement and Inspection Panel, with 2 reports having been made, the first having made 23 recommendations, 14 being implemented thus far, the second on ASB being presented to the Board on 24 November 2011.

The Chief Executive, EDH added that EDH had been a finalist in the National Federation of ALMOs (NFA) Awards for "Best use of Communication" and was an Investor in Diversity; a Stonewall Diversity Champion; and carried out sheltered housing unit improvements.

In respect of the TSA standard "Home", Members noted that EDH had installed windows to 1,698 properties and completed 888 disabled adaptations with an average waiting time of 4.87 weeks. The Committee learned that 624 homes had been made decent and 35,458 repairs had been completed, with an average repair time being 8.7 days. The Chief Executive, EDH noted that 100% of EDH properties had a gas safety certificate, and 20 block flats had been decorated, with a further 19 planned for this upcoming year.

The Chief Executive, EDH explained that in relation to the TSA standard "Tenancy", EDH had introduced: Digi TV for Durham Key Options; reduced re-let times to 22.53 days; worked to help develop the Credit Union; gave advice to 1,200 customers generating £96,000 extra benefits.

Members learned that for the TSA standard "Neighbourhoods and Community", EDH had 107 people utilise the handyperson scheme, had participated in the DCC "Impact Education Programme" and made improvements in relation to environment and ASB issues. Councillors learned that in relation to the TSA standard "Value for Money", EDH had a specific "Value for Money Review Group", achieved efficiency savings of £977,759 and made investments of £283,736 in growth areas with a mind to invest another £200,000 into the programme.

The Chief Executive, EDH explained that similarly to the previous two organisations, EDH did not have to comply with the TSA standard "Governance and Financial Liability", however, it was noted that the EDH Board had independent representation and had a 79% attendance rate for meetings.

Members noted that for EDH, the main performance issues to be addressed were those of non-decent homes and empty properties. The Chief Executive, EDH explained that investment of £21 Million in 2012 should see a improvement in the number of properties brought up to the Decent Homes Standard and that there was a risk with the Government's Welfare Reform that even with a tenancy sustainability service in place, many young people may not be able to afford a home of their own.

In relation to young people, employment and training initiatives, it was explained that EDH had 8 trainees funded by the Future Jobs Fund (FJF), 2 extended contracts and 1 apprenticeship with a partner company. The Chief Executive, EDH added that the partner company dealing with EDH capital works had 13 apprenticeships and 13 trainee placements of 6 months and that the partner that dealt with repairs and maintenance had 6 apprentices and 4 trainees, based on 12 week placement 3 times a year.

Councillors noted that for the future, the issues facing EDH, and indeed in many cases all the housing providers, would be:

- Stock Option Appraisal
- HRA – moving to self-financing
- Government policy changes to welfare benefits, the public services white paper and localism.

The Chair thanked the three speakers and asked Members if they had any questions.

Councillor J Cordon asked where the £70 Million of funding would come from in reference to the backlog funding for investment in EDH properties. The Chief Executive, EDH explained that this was bid to Government and that it was £70 Million over 4 years to bring properties up to the Decent Homes Standard (DHS).

Members asked why there was a disparity in the achievement of the DHS by DCH, near completion by DVH but with EDH falling a way behind. Officers explained that there were differences between the DHS for each of the organisations and that also DHS figures would vary in relation to ongoing repairs and maintenance in order to keep up the DHS. Members were reminded that the SOA project would be able to give a clearer indication of not only where, but when; funding would need to be invested in the housing stock.

Mr JB Walker noted the low number of apprenticeship opportunities made by DCH in comparison to DVH and EDH. The Manager, DCH explained that Medium Term Financial Plan (MTFP) constraints had an effect, though the move to self-financing may allow for more scope in this area for DCH.

Members noted their appreciation of the help and advice being offered to people by the CAB for DVH, the help in establishing a Credit Union and the use of early intervention utilising trained Family Mediators to help tackle issues of ASB.

The Principal Overview and Scrutiny Officer noted that the Housing Stock Option Manager, Marie Roe would come back to the Committee in the new year and that the Customer Service and Intelligence Manager, Graham Tebbutt would be providing performance data relation to housing within his RED Performance Report from Quarter 2 onward.

Resolved:

(i) That Members of the Economy and Enterprise Overview and Scrutiny Committee note the Annual Reports and summary of key performance information in respect of Durham City Homes, Dale and Valley Homes and East Durham Homes.

(ii) That Members of the Economy and Enterprise Overview and Scrutiny Committee note the presentations given in respect of Durham City Homes, Dale and Valley Homes and East Durham Homes.

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DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE
OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2 - County Hall, Durham** on **Monday 19 December 2011 at 10.00 am**

Present:

Councillor J Moran (Chair)

Members of the Committee:
Councillors A Naylor, C Carr, B Graham, P Jopling, R Liddle, J Rowlandson, B Sloan, P Stradling, M Williams and A Willis

Co-opted Members:
Mrs O Brown, Mr A Kitching, Mr D Lavin and Mr JB Walker

Apologies:
Apologies for absence were received from Councillor(s) J Armstrong, B Arthur, J Hunter, M Wilkes and Mrs A Harrison

Also Present:
Councillor(s) Mr T Batson, N Foster, R Todd and E Tomlinson

A1 Minutes of the meeting held 14 November 2011

The Minutes of the meeting held on 14 November 2011 were agreed by the Committee as a correct record and signed by the Chair.

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 Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy of slide, see file of minutes), namely the retention of some bus services where funding had been secured.

Resolved:

That the presentation be noted.

A5 Quarter 2, 2011/12 Performance Management Report:

The Chair introduced the Customer and Services Intelligence Manager, Graham Tebbutt who was in attendance to speak to Members in relation to the Quarter 2, 2011/12 Performance Management Report (for copy, see file of minutes).

The Customer and Services Intelligence Manager reminded Members of the changes in performance reporting and noted the table set out on page 8 of the papers that highlighted the performance indicators and performance of actions against target, 33 actions being on track.

The Committee learned that the key achievements in Quarter 2 were:

- The percentage of people enrolled on accredited courses support by DCC's Adult Learning Services being 92.3%, against a target of 90%.
- The number of people engaged in cultural events had increased by 7% with a 90% event rating of good or very good.
- A reduction in the number of non-decent homes, now 34%, down from 37% in Quarter 1 and 40% last year.

The Customer and Services Intelligence Manager explained that three key performance issues going forward were:

- The number of empty properties being brought back into use as a result of Local Authority intervention being 20 against a target of 40, albeit Housing Renewal believed that the year end target of 80 would be achieved as arrangements was embedded.
- The percentage of bus services running on time, 90% with the target being 95%. It was explained that it was thought that there may have been issues on one particular day at Durham bus station which may have been due to local road network issue.
- The occupancy rates of Council Owned Factories and Business Support Centres was at 76%, a percentage high than set out in the report, although this was still below the target of 78%. Members noted a £2 Million investment from the Capital Programme and the Business Space Strategy setting out a five year investment programme had been scheduled for November 2011.

Member noted the Tracker Indicators set out at paragraph 7 of the report in relation to the rise in the number of 18-24 year olds claiming Job Seekers Allowance (JSA), the rise in the number of people claiming JSA for one year or more, a continued reduction in the employment rate an increase in the number of homelessness preventions.

The Committee learned that National Planning Policy Framework (NPPF) Consultation was ongoing, with the changes to affect the County Durham Plan significantly. Members noted that the CDP first draft would be September 2012, a final draft in May 2013, a consultation period running through March 2014 with implementation in April 2014.

In relation to the Actions against the Council Plan, Members noted that 45 of the 48 actions in relation to the Altogether Wealthier theme were either on track on had been achieved, with two behind target and with one being proposed to be deleted.

The Customer and Services Intelligence Manager explained that the “coordinated response to development enquiries” Action had been completed a Quarter ahead of schedule and that the completion date for the County Durham Cycling Strategy had moved from July 2011 back to December 2011. Members learned that “transport infrastructure and public transport improvements – Priority 1 Corridor A692” had been delayed as a Section 106 Agreement regarding roundabout improvements was pending a planning appeal relating to an opencast site, no revised deadline was known. The Committee noted that the “Durham Greenbelt at Bowburn” was taken out of the Service Plan, though work would continue via the process established for dealing with major site enquiries. The Customer and Services Intelligence Manager explained that the major risk to the delivery of the objectives of the Theme was the loss of Area Based Grant (ABG) funding and than an Action Plan was being developed to mitigate the risk as far as possible, although it was recognised as a significant risk for at least the next 4 years.

The Customer and Services Intelligence Manager concluded by explaining that other significant risks included worsening private housing stock condition; reduced allocation of deprivation based grants due to the Council’s new deprivations status; and diminishing capital resources, continuing depressed land values and slow growth in the private sector.

The Chair thanked the Customer and Services Intelligence Manager and asked Members for their questions.

Councillor J Cordon asked whether there was to be a focus on homelessness as opposed to preventions and whether transport connectivity would be reviewed more in depth. The Customer and Services Intelligence Manager noted that the number of homeless preventions was used as an indicator as the actual numbers of people in temporary accommodation had not been a large number in the past. Accordingly, it was noted that the figures used are the number of people “presenting” as homeless and also the number of “preventions”. Members were informed that changes to Welfare, specifically Housing Benefit, could see an effect on the figures in cases of under-occupancy, just as one example. Councillors noted that a new Tenancy Strategy was scheduled for the end of June 2012 to hopefully help mitigate any risks. In relation to the Transport Connectivity, the Customer and Services Intelligence Manager noted that the Section Manager – Infrastructure, Andrew Leadbeater was in attendance to present information to Members at a later agenda item.

Councillor M Williams noted his disappointment as regards the Durham Green at Bowburn scheme not having been successful. The Customer and Services Intelligence Manager noted that it was originally saw by the Council as a strategic site, with aspiration for employment to be generated, however, the landowner had not wished to take the scheme forward due to the condition of the housing market.

Mr JB Walker asked whether the figure of 78% of bus services running on time was accurate as this was not his experience of services at Chester-le-Street. The Section Manager – Infrastructure explained that the indicator and target were for the “start times” of journeys and not times en route and that for a further breakdown of statistics would need to be requested from the Operator, GO North East.

Mr A Kitching asked why private housing stock condition was deteriorating as set out at paragraph 16(a). The Customer and Services Intelligence Manager explained that in the current economic climate private landlords may choose not to, or be unable to, invest in their properties and this leads to a risk of empty properties, and those in a less suitable state. It was noted that the Council may be able to help in this regard through group repair schemes, though again the risk of Welfare changes could affect the income and responsibilities of private landlords.

Mr T Batson noted the importance of the Localism Bill and sustainability. Councillor E Tomlinson noted that the 2014 seemed a long way off as concerning the CDP, however, there was ongoing work regarding Rural Groups, Town and Village Plans and more so "Localism" was being incorporated and developed within Council policies.

Resolved:

That the report be noted.

A6 Forecast of Revenue Outturn Quarter 2, 2011/12:

The Chair introduced the Finance Manager, Resources, Azhar Rafiq who was in attendance to speak to Members in relation to the Forecast of Revenue Outturn, Quarter 2, 2011/12 report (for copy, see file of minutes).

The Finance Manager, Resources explained that the report followed the usual format for budgetary reports and was the second of the 3 in-year reports, looking at the figures for the first 6 months of the financial year and the projected outturn for the year end. Members noted the three components for the RED budget, those being:

- RED Revenue Budget (General Fund) - £42.680 Million (original £39.617 Million)
- Housing Revenue Account (HRA) - £57.631 Million
- RED Capital Programme - £110.418 Million (original £107.064 Million)

The Committee noted the variance to the General Fund was a £379,000 underspend, and that the major variances were the loss of rental income from businesses, under achieved income in relation to Building Control fees and underspend on staffing costs as result of Medium Term Financial Plan (MTFP) reductions. Members noted that the approximate £400,000 underspend would be held against a number of commitments and pressures affecting RED services as mentioned and economic development initiatives, issues within Planning, condition surveys for asset management, transport commitments and housing commitments.

The Finance Manager, Resources noted that the HRA was solely funded by rental income and capital receipts from "Right to Buy" sales and not subsidised by Council Tax income. Members learned that the HRA had several over and underspends that had balanced out to give an overall position the same as the Quarter 1 position.

The Committee noted the items reported under Risk Based or Volatility Reporting with the two areas that were not on track relating to the income from Building Control fees and rental income from Business Space, both due to economic conditions leading to a downturn in activity.

In relation to the Capital Programme, the Finance Manager, Resources explained that this represented £67.627 Million in respect of the General Fund and £42.791 Million in respect of the HRA.

Members noted that the revised annual budget showed a total projected spend for 2011/12, as at 30 September 2011, was 88% of budget leaving approximately £13 Million to be carried through to the 2012/13 Budget.

The Chair thanked the Finance Manager, Resources and asked Members for their questions.

Councillor M Williams noted the shortfall in Building Control fees, however there was a surplus in the Planning Application fees. The Finance Manager, Resources reiterated that indeed the Planning fees were ahead of target, yet Building Control fees were behind and this could be as Planning was a Local Authority function whilst Building Control was open to competition. Mr T Batson asked whether Council Building Control fees were greater than private sector fees and whether this could be addressed to make the Council more competitive. The Finance Manager, Resources explained that perhaps original budgets and fee levels were not realistic in the current market and that they may need adjustment.

Resolved:

That the report be noted.

A7 Overview of TRANSIT 15:

The Chair asked the Section Manager – Infrastructure to give an update presentation in relation TRANSIT 15 (for copy, see file of minutes).

Members that TRANSIT 15 was a major project that began within the Local Transport Plan (LTP) 2 and continued now in the first year of LTP3. Councillors were reminded that the completion time for TRANSIT 15 was March 2014 and that its main aims were to improve journey experience, increase sustainability and to increase bus patronage as an alternative to private cars.

The Committee noted the LTP3 objectives that were helped by TRANSIT 15 and that data had suggested a “corridor approach” leading into Durham City and analysis had highlighted several congestion/delay points and those that were feasible and offered value for money were then selected as schemes to be taken forward. Members noted schemes completed or underway included:

- A693 Stanley Roundabout
- C57 Lanchester Junction
- A691/C62 Kaysburn Roundabout
- New Inn Traffic Signals
- Unc. North Road / B6532 Durham (Bus Stop outside of County Hall)
- A177 Durham High School
- A167 Barley Mow Roundabout

The Section Manager – Infrastructure explained there were several planned schemes:

- C100 Dryburn Park Bus Lane
- Framwellgate Moor Bus Lane
- Croxdale Bus Lane
- Sacriston Turning Circle
- A181 Gilesgate Bank/Sherburn Road Bus Lane Extension
- A177 South Road Bus Lane

Members noted that there were also several other schemes including:

- B6532 Aykley Heads Roundabout Approach
- A690 High Street South Langley Moor Bus Lane
- Lobley Hill Road, Meadowfield Bus Lane
- Nevilles Cross Traffic Signals
- A690 Leazes Bowl
- A167 Northlands Roundabout

It was explained that major issues faced were public consultation, especially on the proposed bus lanes, and objections to schemes an example given being the loss of a lane at Low Shincliffe.

Councillors learned that outcomes thus far were evaluated using real time information that showed that travel times were improving, an example being the journey past Durham High School into Durham of 4m23s before works was now only 2m13s after completion. Members noted that Bus Operators were on board with the work being carried out and planned by Durham County Council (DCC), quoting GO North East in their support. The Section Manager – Infrastructure added that the capital spend thus far, by the end of the 2011/12 would be around £2 Million of a total budget for TRANSIT 15 of £5 Million through to March 2014, this representing a slight underspend.

The Chair thanked the Section Manager – Infrastructure and asked Members for their questions.

Mrs O Brown noted the achievements of the scheme, however, noted a lack of schemes in what was the former “Wear Valley” area. The Section Manager – Infrastructure explained that this was because that area demonstrated relatively few delays, and those were usually attributed to delays on the approach in Durham radiating out along the previously mentioned “corridor approaches”.

Councillor C Carr noted the excellent success of TRANSIT 15 so far, noting that some delays were outside of DCC control such as the 82 from Kimblesworth that was affected by traffic at the Newcastle part of the journey, which GO North East have sated was a result of Eldon Square being the contributing factor. Councillor C Carr also noted that the bus stop on the C5 near the roundabout was dangerous and added that some other Local Authorities allowed the use of bus lanes by Taxis, though DCC did not and this could cause confusion as deregulation meant that Taxis from “other” areas were now operating within County Durham.

The Section Manager – Infrastructure noted the issue of delay on services from Newcastle and added that indeed there was work between Local Authorities in order to mitigate delays. Members were informed that the issue of the bus stop on the C5 mentioned by Councillor C Carr would be looked at and that the issue of Taxis using bus lanes was not primarily a congestion debate, rather an issue of identification and of safety, with DCC not being able to enforce it being under the remit of the Police.

Councillor M Williams noted that he objected to the A690 taxi/bus lanes on the basis that it was felt it may increase congestion and this appears to be the case. Councillor M Williams added that he felt that the new traffic lights at the New Inn had made the situation worse, with the lights remaining on red for two long at the pedestrian crossing and added that the bus lane should be looked at as there was a bus stop pole on a bend that "will be hit" and proved to be an obstacle for buses to avoid. The Section Manager – Infrastructure explained that the issues of congestion had been looked at in terms of getting "into" Durham as the priority, not necessarily the routes leading out and the phasing of traffic lights and the bus stop pole position had been determined on that basis. Mr D Lavin added the area Councillor M Williams referred to was also a corner that coaches needed to negotiate and this could affect tour buses and school buses alike. The Section Manager – Infrastructure noted this issue would be looked at.

Councillor B Graham noted that the condition of some of the buses on the network in County Durham were quite old and not fit for use. The Section Manager – Infrastructure explained that Arriva had recently received 13 new vehicles that were coming into service so improvements should be seen soon not only to quality, in terms of reliability and punctuality.

Mr D Lavin understood the corridor approach, however, he asked whether there would be any developments to help "cross-links" from one side of the County to the other to help improve transport links to boost access to employment opportunities. The Section Manager – Infrastructure noted that there were not many routes across the County other than through Durham, however, at the next stage, beyond TRANSIT 15, Consent, Stanley and Chester-le-Street would be looked at together with other "corridors". Mr D Lavin added that a sign at Stanley Bus Station was obscured by a fascia, the Section Manager – Infrastructure noted the issue.

Mr T Batson referred back to his earlier point from Agenda Item 5, with reference to improving transport connectivity between towns, as Mr D Lavin had also noted vital to help make employment opportunities accessible and added that some towns and villages, for example Tow Law were without services after 8.00pm, thus limiting the possibilities of some employment, i.e. shift working and also having an impact upon the opportunities for people to access a vibrant social life. The Section Manager – Infrastructure noted the comments and conceded this was a problem, however, in the light of reductions to subsidised services and after consultation it was agreed to focus on saving day time services and to therefore cuts services on evenings or at weekends. Councillor C Carr noted that the policy as regards bus services had been agreed by Members at Full Council. Mr T Batson wondered whether the policy should be re-examined and noted that perhaps a change of bus lanes to "no car lanes" could be a boon to business vehicles in utilising them as well as helping to ease congestion by removing them from the "public" traffic.

The Section Manager – Infrastructure explained that the prime concern for bus lanes was for the effective public transport network and any alteration that could negatively affect services would not be in keeping with policy.

Councillor P Stradling noted that paragraph 6 of the covering report had set out that the scheme had identified site that offered best value and asked what amount of the funding received from Government remained. The Section Manager – Infrastructure reiterated that to date £2 Million had been spent, and that the remainder of the schemes as outlined up to 2014 would utilise the remainder of the £5 Million allocated to TRANSIT 15. Councillor P Stradling noted earlier comments as regards neighbouring Local Authority areas that may contribute to congestion and wondered if Sunderland and Hartlepool contributed more heavily to any delays in East Durham and asked how such delays were assessed, was it through consultations with the public via mechanisms such as the Area Action Partnerships. The Section Manager – Infrastructure explained that the delay points were identified via Bus Operators and Traffic Data and those discussions with neighbouring Local Authorities were on the agenda for post-TRANSIT 15.

Councillor C Carr asked what the Staffing Implication referred to within Appendix 1 to the Covering Report. Members were informed that this represented issues that involved taking on work via the Strategic Highways Section.

Resolved:

(i) That the report and presentation be noted.
(ii) That a further update is provided to the Committee at its July meeting.

A8 Overview of Digital Durham Programme:

The Chair introduced the Head of ICT Services, Phil Jackman to give an update presentation in relation to the Digital Durham Programme (for copy, see file of minutes).

Members were reminded of the background to the scheme, notably the economic benefits of having access to superfast broadband, as well as benefits to health, learning and competitiveness ensuring that no communities, homes or businesses within the County would be left out of the "knowledge economy". An example given to Members was that of around 70,000 pupils within County Durham accessing learning via the internet "Durham Gateway" and that statistics could show that those with access to broadband had on average 25% better qualifications, increasing their opportunities for the future.

The Committee learned that there was a need to also develop ICT skills even to simply access the job market as around 50% of jobs vacancies were now only advertised and available for application online. The Head of ICT Services added that the term "superfast broadband" meant speeds of 25-30 Mbits/sec enabling 3 high-activity uses at once, for example business use, streaming of High Definition video content and gaming use. Members were given an analogy of a train network to understand the infrastructure required, the services offered/needed and the people/users of the services.

The Head of ICT Services explained that 21% of County Durham currently had access to superfast broadband, with 44% to having the opportunity to access superfast broadband.

If no further action were taken, it was explained that access would level out at around 65% with Government having an aspiration of 90% access. Members noted that the DCC aspiration was for 100% access as the “final 10%” represented 50,000 people in real terms for County Durham.

Members were shown maps that showed the extent of superfast broadband, the relative speeds in different areas and those areas that could not access such services. The Head of ICT Services explained that new telephone exchanges at Peterlee, Stanley and Consett had helped to extend access, however there were still access issues in the more rural areas.

In relation to engagement, it was noted that there had been opportunities at events such as the NECC “Oktoberfest” at Newton Aycliffe, with opportunities such as the new Hitachi site as well as engagement with public sector partners such as the Primary Care Trust, the Fire and Rescue Service and Police. The Head of ICT Services added that Community and Voluntary Sector (CVS) organisations had also been engaged and that regular updates on the Digital Durham Project were given to both Durham Councillors, MPs and at a local level via the AAPs and “Broadband Champions”.

Members were asked to note an example whereby a Local Action Group had raised the issue of lack of access to broadband in their area, Byers Green, Spennymoor and then organised a petition and worked with DCC and British Telecom (BT) in order to secure a positive outcome with BT to provide infrastructure to give access to broadband in that area.

The Committee noted the several points relating to how access to superfast broadband could affect businesses and highlighted the opportunities that could be developed.

The Head of ICT Services explained the work with BDUK, part of the Department for Culture, Media and Sport (DCMS) in relation to improving access to superfast broadband and DCC Cabinet had agreed on 14 December 2011 to match fund with BDUK on schemes and there was a need to highlight that access was not a “rural” issue but in fact a economic regeneration and deprivation issue. Councillor learned that the indicative figure of funding from BDUK was £7.79 Million, about one-quarter of what is estimated to be required to give the 100% access DCC aspires to, with match funding in place this equates to around half of the funding required. Accordingly, the Head of ICT Services explained that in the pre-procurement exercise there was a need to gauge market interest and to shape any final tender accordingly with the third bid to BDUK to be submitted shortly.

The Chair thanked the Head of ICT Services and asked Members for their questions.

Mr T Batson noted the issue of trying to help the “older generation” to develop the requisite skills to be able to utilise superfast broadband where they do have access and asked whether “mobile broadband” was a solution for the most rural areas in the County. The Head of ICT Services agreed that skills development and confidence build was important and that this was addressed through local “Broadband Champions”, organisations such as AGE UK and that mobile broadband was one part of the mix and DCC was working with mobile providers.

Councillor B Graham noted the example of the Byers Green Residents and how they had positively engaged at a Spennymoor AAP event and had carried out a lot of hard work in order to have success with BT making the case for their area. Councillor B Graham also acknowledged the work of the Head of ICT Services and DCC in this particular success.

Mrs O Brown noted that in her previous role as a District Councillor she had needed to learn how to use a computer to access information and explained that it was of much benefit in both work and private life to have access to the internet and the skills to use it. The Head of ICT Services agreed and noted that elected Members were excellent role models to the groups they represented. Councillor J Cordon noted that Councillors, in general, were a good example of "silver surfers" demonstrating that older generations can learn to utilise new technology.

Mr A Kitching noted that broadband provided were still guilty of advertising "aspirational speeds" rather than a realistic average for people in a particular area. The Head of ICT Services explained that the existing copper infrastructure was the limiting factor, with maximum speeds only being achievable near to exchanges, with speeds halving beyond 1km from the exchange. Members noted that the move to fibre-optic infrastructure would help to improve speeds and the consistency of delivery.

Resolved:

(i) That the report and presentation be noted.
(ii) That a further update is provided to the Committee at its July meeting.

A9 Minutes from the meeting of the County Durham Economic Partnership, held 31 October 2011

The Minutes of the meeting of the County Durham Economic Partnership held 31 October 2011 were received by the Committee for information.

Economy and Enterprise Overview and Scrutiny Committee

13 February 2012

The Statistical Bias Against Unitary Counties
Centre for Regional Economic and Social Research, Sheffield Hallam University

Report of Ian Thompson, Director of Regeneration and Economic Development

Purpose of the report

1 The report presents information on the research undertaken by the Centre for Regional Economic and Social Research, Sheffield Hallam University (attached); it proposes next steps for the issues identified.

Background

2 Members of the Economy and Enterprise overview and scrutiny committee were informed of this piece work in response to questions raised on the quarterly performance monitoring reports presented to the committee and comments made on the loss of area based grant, other regeneration funding and its impact on growing inequality/deprivation. Members were keen to continue to see data that would identify levels of deprivation at a local level that can be used to inform policy design. Officers from RED explained that this work had been commissioned and would report back on this issue.

3 In April 2009 there was a significant round of local government re-organisation in England. 36 district councils were abolished and eight new 'unitary counties' were created in their place. This reorganisation in parts of England has created a statistical anomaly - whereas data for 36 former district councils is now being discontinued, figures continue to be produced for 201 districts within the surviving two-tier counties. This threatens to hide deprivation in the new unitary counties and, in turn, to erode the likelihood that some of these unitary counties will benefit from policy design, interventions or funding streams that target areas of disadvantage. The sheer physical size of several of the new unitary counties sets them apart from just about all the other unitary authorities in England with comparable populations.

4 The new unitary counties are often amalgams of several different places, with different socio-economic conditions. Averages for the unitary counties hide these differences. In contrast, the severity of deprivation in a number of very small unitary authorities, such as the London boroughs, is often highlighted by local residential segregation.

The Statistical Bias against Unitary Counties Report

5 The aim of the report prepared by Sheffield Hallam University is to assess the scale of distortion to statistics arising from the creation of the new unitary counties. The intention is that the evidence presented should provide the basis for a constructive dialogue with the Department for Communities and Local Government (CLG), in particular, and with other departments and agencies with an interest in the production and use of local statistics (including for example the Department for Work and Pensions and the Office for National Statistics).

6 The statistical anomalies falling out of the 2009 Local Government Reorganisation and the related impact on Local Authorities are of particular interest to the Councils Deputy Leader, Cllr Alan Napier who championed this issue with the Industrial Communities Alliance securing support and funding for this report. Although the report was initiated and part funded by Durham County Council, it takes a wider perspective on the issue, covering all the new unitary counties and removing the bias of Durham County Council alone producing such a report. This is a lobbying document which doesn't concentrate on specific sub county geographies but instead highlights the issue of Government departments using statistics that mask deprivation and inequalities.

7 The report looks in detail at the current availability of statistics for the former districts that disappeared when the unitary counties were created in 2009, illustrates exactly how the problems of some districts have become hidden by the creation of the new unitary counties. Additionally it shows how the new unitary counties differ in important respects from other large authorities in England and why a special solution to their statistical issues can therefore be justified.

Statistics

8 The process of discontinuing the publication of statistics for the districts abolished in 2009 is now well underway. The process is still far from complete, but there seems unlikely to be much left in a year or eighteen months as new figures come on-stream. Crucially, the key DWP benefits data and the Indices of Deprivation have already been discontinued for the former districts.

9 The continuing production of some statistics at a highly local level – typically for Lower Super Output Areas - does not compensate for the disappearance of district-level figures as no level between LSOA and County level has been introduced. In theory, LSOA data can be aggregated up to the level of the old districts. In practice, most users, including the policy analysts in Whitehall, are extremely unlikely to do this.

Impact and Moving Forward

10 The effect of no longer collating this data has been to hide acute deprivation and disadvantage in some unitary counties, most especially Durham and Northumberland. In County Durham's case, statistics for the unitary county push the authority considerably further down the rankings than some of its former districts, but the new unitary county does not always disappear entirely.

11 The case for the continuing publication of data for the former districts or at any sub county level is essentially one of parity of treatment. Because figures continue to be compiled and published for districts in two-tier counties, there is an acute risk that some of these shire districts will attract funding and support even though their problems are less severe than some of the districts abolished in 2009.

12 The report concludes by making recommendations on lobbying central government and politicians to bring the issues to the forefront and discuss a common solution across England. The proposal to resume the publication of statistics for *districts*, rather than for other possible sub-county units, is purely pragmatic as off-the-peg definitions are readily available. In the longer term, the new unitary counties may themselves wish to define new sub-county units that would fulfil the same statistical role as the former districts. However, until new sub-county units have been defined in a reasonably consistent way across all the new unitaries and are made official, the short term and immediate answer would be to reinstate the publication of data for former district.

13 There are several actions that Durham County Council can take to move forward with this issue but more can be achieved in partnership with Northumberland, Cheshire West and the Industrial Communities Alliance. Steve Forthergill in his academic and ICA role can support discussions with the Office of National Statistics and Central Government Departments and can raise awareness amongst politicians.

14 Following approval by Durham County Council members and discussions with Northumberland and Cheshire West it is recommended that structured lobbying activity commences.

Conclusion

15 This is a lobbying document, that highlights the issue of Government Departments using statistics that mask deprivation and inequalities not a case for specific sub county Geographies.

16 The view of the RED service grouping is that the Sheffield Hallam work highlights an issue whereby Durham could be treated less favourably than other Counties. RED supports a view that whilst District level data is not the most useful measure of deprivation, and would prefer a methodology based on statistical units (most likely Upper Super Output areas) rather than previous council boundaries. However, if the government are measuring deprivation in other Counties using district level data then they should do the same for all Counties until a more satisfactory measure can be established.

Recommendations

17 That the Economy and Enterprise Overview and Scrutiny committee note the report prepared by the Centre for Regional Economic and Social Research, Sheffield Hallam University; and note the suggested action plan to progress the issues within the report.

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Appendix 1: Implications

Finance – There are no additional financial implications identified at this stage. However, further lobbying and communication of this issue will draw upon the existing resources of the RED Service Group

Staffing – There are no additional staffing issues at the moment although further work will utilise existing staffing in the RED service group

Risk – N/A

Equality and Diversity / Public Sector Equality Duty - None

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – It may be necessary to engage with other councils in Cheshire West Chester and Northumberland and consult with members across all three councils if joint approaches are to be considered.

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A

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THE STATISTICAL BIAS AGAINST UNITARY COUNTIES

How local government reorganisation has hidden deprivation and threatens to strip authorities of funding

Steve Fothergill and Tony Gore

Centre for Regional Economic and Social Research
Sheffield Hallam University

Final report
October 2011

This report has been funded by Durham County Council.
An additional input of Prof Fothergill's time was provided by the Industrial Communities Alliance, the all-party association of local authorities in Britain's industrial areas.

Contents

Summary

The reorganisation of local government in parts of England in 2009 has created a statistical anomaly. Whereas data for 36 former district councils is now being discontinued, figures continue to be produced for 201 districts within the surviving two-tier counties. This threatens to hide deprivation in the new unitary counties and, in turn, to erode the likelihood that some of these unitary counties will benefit from funding streams that target areas of disadvantage.

This could develop into a major, on-going problem. It would be astonishing if, in the long run, statistics for local disadvantage did not continue to guide policy and funding even though current area-based initiatives are being run down.

The Indices of Deprivation and DWP benefits data have already discontinued figures for the former districts. The continuing publication of data for very small areas ('Lower Super Output Areas' or LSOAs) does not plug this gap because specialist knowledge is needed to re-aggregate figures to the level of the former districts and most users, including most policy analysts, are likely to use 'off the shelf' figures.

'Before and after' comparisons using the Indices of Deprivation and DWP benefits data confirm that the effect of reorganisation and the discontinuation of data for the former districts has been to hide substantial concentrations of deprivation and disadvantage. The problems of these disadvantaged areas are now effectively invisible within the blander averages for their replacement unitary counties.

The former districts whose problems are most at risk of being hidden are Easington, Sedgefield and Wear Valley (in County Durham), Wansbeck and Blyth Valley (in Northumberland) and Ellesmere Port and Neston (in the new unitary of Cheshire West and Chester). The other new unitary counties are less affected, partly because there is less internal diversity and partly because their levels of deprivation are lower.

Whereas the new Durham County as a whole still stands a fighting chance of being identified as an area of disadvantage worthy of targeted support, the statistics suggest there is very little hope for Northumberland.

The case for the continuing publication of data for the former districts is essentially one of parity of treatment. Because figures continue to be compiled and published for districts in two-tier counties, there is an acute risk that some of these shire districts will attract funding and support even though their problems are less severe than some of the districts abolished in 2009. This would represent a great injustice.

Furthermore, the sheer physical size of several of the new unitary counties sets them apart from just about all the other unitary authorities in England with comparable populations. The new unitary counties are often amalgams of several different places, with different socio-

economic conditions. Averages for the unitary counties *hide* these differences. In contrast, the severity of deprivation in a number of very small unitary authorities, such as the London boroughs, is often *highlighted* by local residential segregation.

The report concludes by making five recommendations:

- Central government should immediately resume the production and publication of statistics for the former districts of the post-2009 unitary counties

- This can often be achieved by adopting simple procedures to add up LSOA data to the level of former districts alongside the figures for the new unitary counties

- The Indices of Deprivation should be amended to include a full range of figures for the former districts

- The resumption of the production and publication of statistics for the former districts should be implemented across the full range of government

- Any future decisions to allocate resources, or prioritise areas, on the basis of district-level data should utilise data for the former districts on the same basis as for surviving shire districts.

These recommendations could be implemented with only modest effort on the part of central government and at little if any cost. No new data collection would be required.

1. PURPOSE AND SCOPE OF THE REPORT

The nature of the problem

In April 2009 there was a significant round of local government re-organisation in England. 36 district councils were abolished and eight new 'unitary counties' were created in their place. Five of the new unitaries are based on pre-existing counties (Cornwall, Durham, Northumberland, Shropshire and Wiltshire). The remaining three (Central Bedfordshire, Cheshire East and Cheshire West) are essentially new creations.

There are strong reasons to believe that the creation of the unitary counties will have disadvantaged several of these areas by hiding acute socio-economic problems in component parts of the new authority.

Hiding concentrations of socio-economic disadvantage is in turn likely to result in reduced funding from central government, if not immediately then almost certainly at some point in the future.

The central problem is that district councils have traditionally provided a key building block for a wide range of official statistics. These district-level statistics have then been used to allocate resources, especially where central government has chosen to target funding and initiatives on the parts of the country that can be identified as the most deprived. Under the last government these included funding streams such as the Neighbourhood Renewal Fund and the Working Neighbourhoods Fund. More generally, district-level data on disadvantage has provided a key input into bids for resources and a guide to government departments in choosing areas for pilot schemes or special initiatives. It would be astonishing if, in the long run, statistics on local disadvantage did not continue to guide policy and funding.

Unfortunately, when the 36 district councils were abolished the regular production of statistics at this scale mostly also came to an end. In effect, the acute problems in some of the districts then became hidden within the statistics for the new unitary county.

That the pre-2009 districts have become statistically invisible would not matter if deprivation and economic disadvantage were spread evenly within each of the new unitary counties, but in practice this is rarely the case. There are 'good' and 'bad' areas within most counties, and these are often concentrated in some districts rather than others. Before local government reorganisation in 2009 the 'bad' districts were visible and therefore attracted funding. Since 2009 they have been subsumed in larger statistical units, where the high and low figures for the old districts have become averaged and, as a result, the disadvantage has become hidden and the claim on funding lost.

The continuing production of some statistics at a highly local level – typically for Lower Super Output Areas (LSOAs) which each cover around 1,500 people – does not compensate for the disappearance of district-level figures. In theory, LSOA data can be aggregated up to the level of the old districts. In practice, most users, including the policy analysts in Whitehall, are extremely unlikely to do this.

Partly the problem is that adding up figures to the district scale takes considerable time and effort, and requires a detailed knowledge of exactly which LSOAs make up which former districts. And partly the problem is that with the passage of time the relevance of aggregating figures up to the level of districts abolished in 2009 will no doubt seem to fade. In practice, most analysts will simply take the data that is available 'off the shelf' for post-2009 local authorities and use those figures to guide policy and funding.

Yet to fail to look beyond data for post-2009 local authorities runs the risk of being profoundly unfair. In effect, it also means 'comparisons between apples and pears'. It is unreasonable, for example, to rank statistics for the whole of the new unitary County Durham, which until 2009 comprised seven local authority districts, against figures for say each the eight on-going districts in Derbyshire. But this is precisely what is likely to happen. Or to put the problem another way, why should the problems of the former Easington district (in County Durham) now be invisible whilst those of Bolsover district (in Derbyshire) continue to be readily identifiable in the published statistics?

The report

The aim of the present report is to assess the scale of distortion to statistics, and potentially thus to funding, arising from the creation of the new unitary counties.

The intention is that the evidence presented here should provide the basis for a constructive dialogue with the Department for Communities and Local Government (CLG), in particular, and with other departments and agencies with an interest in the production and use of local statistics (including for example the Department for Work and Pensions and the Office for National Statistics).

In the run-up to the creation of the unitary counties and in its immediate aftermath, the statistical distortions arising from local government reorganisation were raised with CLG by representatives from Durham and Northumberland. At the time, CLG acknowledged that there seemed to be an issue. However, progress in the discussions stalled, in part because of the lack of a comprehensive assessment of the scale of the problem. The present report plugs this gap.

The present report has been initiated and funded by Durham County Council. However, it takes a wider perspective on the issue, covering all the new unitary counties. The assumption here is that there is unlikely to be a satisfactory resolution to the statistical concerns voiced by Durham (or its near neighbour Northumberland) without a standard solution across the whole of England.

The remainder of the report is organised as follows:

Section 2 looks in detail at the current availability of statistics for the districts that disappeared when the unitary counties were created in 2009.

Section 3 draws on two key statistical sources, the *English Indices of Deprivation 2010* and DWP benefits data, to illustrate exactly how the problems of some districts have become hidden by the creation of the new unitary counties.

Section 4 shows how the new unitary counties differ in important respects from other large authorities in England and why a special solution to their statistical issues can therefore be justified.

Section 5 draws overall conclusions and puts forward recommendations on the future compilation and publication of statistics.

2. THE AVAILABILITY OF STATISTICS

The authorities affected by reorganisation

Table 1 lists the unitary counties created by local government reorganisation in 2009, and the district councils that were abolished. Seven English counties were affected: Cheshire was split into two parts, creating eight new unitary counties in all[1].

A key aspect of the 2009 reorganisation, unlike the major reorganisation in 1974, is that it only affected selected parts of England, and not even all the shire counties. Indeed, whereas seven previously two-tier counties were reorganised on a unitary basis, a further 27 English counties, which include a total of 201 district councils, were left unchanged. These 27 counties remain two-tier and central government presently has no plans to introduce further changes.

The selective and partial nature of the 2009 reorganisation has created anomalies and inconsistencies in administrative structures around England. Inadvertently, it has also created statistical anomalies.

The statistical anomalies would not have been so acute if the district authorities that were abolished had been systematically different in size from those that remain. In fact, the differences are marginal at best. The most up-to-date population statistics (for mid-2009) show that the average population of the 36 abolished districts was 84,000. This compares with an average of just 104,000 in the 201 surviving shire districts.

The 2009 reorganisation did abolish a handful of unusually small district councils, notably Teesdale in County Durham (24,600 pop) and, in Northumberland, Berwick-upon Tweed (26,100) and Alnwick (32,600), but by and large the district councils that were abolished were not very different in terms of population from those that survived.

To illustrate this point, Table 2 looks at the seven former districts of County Durham. It compares their population with seven surviving districts in seven different counties. The point here is simply that there are plenty of surviving district councils with near-identical populations to those that have been abolished. This inconsistency matters because figures for the surviving districts continue to be assembled, published and fed into the policy and resource-allocation process. In contrast, statistics for the similarly-sized districts are mostly being discontinued. These districts are, in effect, becoming invisible.

[1] In addition the former Bedford BC was hived off to become a unitary authority on its own.

Table 1: The new unitary counties

Unitary county	Districts abolished
Central Bedfordshire	Mid Bedfordshire South Bedfordshire
Cheshire East	Congleton Crewe and Nantwich Macclesfield
Cheshire West and Chester	Chester Ellesmere Port and Neston Vale Royal
Cornwall	Caradon Carrick Kerrier North Cornwall Penwith Restormel
Durham	Chester le Street Derwentside Durham City Easington Sedgefield Teesdale Wear Valley
Northumberland	Alnwick Berwick upon Tweed Blyth Valley Castle Morpeth Tynedale Wansbeck
Shropshire	Bridgnorth North Shropshire Oswestry Shrewsbury and Atcham South Shropshire
Wiltshire	Kennet North Wiltshire Salisbury West Wiltshire

Table 2: Abolished and surviving districts: a comparison

Former Co. Durham districts	Population (2009)	Some surviving districts	Population (2009)
Chester le Street	53,200	Richmondshire (N. Yorks)	52,800
Derwentside	88,400	East Northamptonshire	85,000
Durham City	94,700	Allerdale (Cumbria)	94,300
Easington	95,600	South Derbyshire	92,800
Sedgefield	86,800	Hyndburn (Lancs)	81,100
Teesdale	24,600	West Somerset	35,400
Wear Valley	63,200	Boston (Lincs)	59,000

Source: ONS Mid-year Population Estimates

Review of published data

Statistics for local areas, such as districts, are assembled by a wide range of agencies for many different purposes. In May 2011, the present research team reviewed the state-of-play regarding the publication district-level statistics from the three main on-line official sources of local data. The results of this exercise are presented in Tables 3 to 5 and summarised below.

This exercise provides a snap-shot of data availability at one point in time and it is worth bearing in mind that several of the data series may not yet have been revised to reflect local government reorganisation in 2009, especially where the data is published some eighteen months or more in arrears.

ONS Neighbourhood Statistics

Table 3 shows the data availability from the Neighbourhood Statistics published by the Office for National Statistics (ONS). In this and the two subsequent tables, ‘none’ in the second to last column means that, by May 2011 at least, the publication of data for the former local authority districts (LADs) in the new unitary counties had not been discontinued.

At first sight, the review of ONS Neighbourhood Statistics suggests that local government reorganisation has impacted little on the availability of data for the former districts. However, this conclusion is probably misleading:

- Crucially, the Indices of Deprivation no longer include statistics for the former districts. The Indices of Deprivation are perhaps the single most important dataset used in monitoring local conditions and in allocating resources. The Indices drove the allocation of the Neighbourhood Renewal Fund and the Working Neighbourhoods

Table 3: ONS Neighbourhood Statistics

Name of Data Set	Frequency	Dates Available for Former LADs	Dates Not Available for Former LADs	Smallest Area for which Data Available
Indices of (Multiple) Deprivation	Every 3 years	2004, 2007	2010	LSOA
Notifiable Offences Recorded by the Police	Annual	2001/2 to 2009/10	None	LAD
Child Benefit Families	Annual	1999 to 2008	2009 & 2010	LSOA
Housing Benefit & Council Tax Benefit Claimants	Occasional	2005	2009	LAD
Personal Insolvencies	Annual	2000 to 2009	None	LAD
Early Years Foundation Stage - Profile	N/A	2009	None	LAD
GCE A/AS Level Results	Annual	2004/5 to 2008/9	None	LSOA
GCSE and Equivalent Results	Annual	2001/2 to 2008/9	None	LSOA
National Curriculum Assessments at Key Stage 1	Annual	2005 to 2009	None	LSOA
National Curriculum Assessments at Key Stage 2	Annual	2002 to 2009	None	LSOA
National Curriculum Assessments at Key Stage 3	Annual	2002 to 2007	None	LSOA
Pupil Absence in Schools	Annual	2004/5 to 2008/9	None	LSOA
Hospital Admissions	Annual	2002/3 to 2007/8	None	MSOA
Life Expectancy at Birth	Two-year Spans	2000-2 to 2007-9	None	LAD
Mental Health: Adults Accessing Specialist Services	Annual	2008/9	2009/10	LAD
Weight of Children	Annual	2008/9, 2009/10	None	LAD
Dwelling Stock by Council Tax Band	Annual	2001 to 2009	None	LSOA
Dwelling Stock by Tenure and Condition	Annual	2001 to 2009	2010	LAD
Homelessness	Annual	2000/1 to 2008/9	None	LAD
Social Rented Housing Register Statistics	Annual	2000/1 to 2008/9	None	LAD
Deaths & Causes of Death	Annual	2004 to 2009	None	MSOA
Live Births	Annual	2004 to 2009	None	MSOA
Mid Year Resident Population Estimates	Annual	2001 to 2009	None	LSOA
Vacant Dwellings	Annual	2007 & 2008	None	LSOA
Housing Transactions by Dwelling Type	Annual	2001 to 2007	2008 & 2009	MSOA/Ward
Commercial and Industrial Floorspace Statistics	Annual	1998 to 2008	None	MSOA
Jobs Gained by New Deal Participants	Annual	2001 to 2008	None	MSOA
Economic Activity and Inactivity	Quarterly (rolling annual)	2005/6 to 2009/10	None	LAD
VAT Registered Enterprises	Annual	2000, 2004 to 2007	None	MSOA/Ward

NOTE: Merged/abolished LADs are classed as 'Former Local Authorities'

Fund, for example. The 2010 Indices (published in spring 2011) do not include figures for the former districts.

- Most of the datasets that still include figures for the former districts are ones for which the most recent statistics are for 2009 or earlier. As 2010 data comes on stream it seems distinctly possible that figures for the former districts will be discontinued.

- A number of datasets (eg Social Rented Housing Register Statistics) are likely to be tied to the administrative units that assemble them so in due course the abolition of the districts, and their replacement by unitary counties, seems likely to feed through to the availability of figures.

On a positive note, the mid-year population estimates have continued to be published for the former districts as well as for the new unitary counties. The most up-to-date figures are still for 2009; if the 2010 figures are published on the same basis this may be a model that could be followed by other datasets.

NOMIS

NOMIS – the National On-line Manpower Information System – is the principal source of labour market information for local areas. Its statistics, listed in Table 4, are particularly useful to those working in economic development and regeneration.

Many of the statistics published on NOMIS are relatively up-to-date – only a few weeks old in the case of claimant unemployment data for example – and several of the most important are derived from DWP benefit records. NOMIS data on benefits feeds in extensively to the Indices of Deprivation.

- The key DWP-based datasets on benefit numbers have discontinued figures for the former districts. This means that from May 2009 onwards figures on the number of Jobseeker's Allowance claimants. incapacity benefit claimants and Income Support claimants, to mention just three crucial groups, are no longer published for these districts.

- On the other hand, these DWP-based statistics do continue to be published at LSOA level, meaning that in theory there is no reason why the figures could not automatically be added up to the level of former districts.

CLG Online Statistics

The online statistics published by the Department for Communities and Local Government (CLG), listed in Table 5, often cover administrative data, some from local authorities' own records.

Table 4: NOMIS

Name of Data Set	Frequency	Dates Available for Former LADs	Dates Not Available for Former LADs	Smallest Area for which Data Available
Mid Year Population Estimates	Annual	1981 to 2009	None	LAD‡
Annual Civil Service Employment Survey	Annual	2008 to 2010	None	LAD
Annual Population Survey/Labour Force Survey	Quarterly	1992 to 2010	None	LAD
Model-based Estimates of Unemployment	Annual	1996 to 2004	None	LAD
	Quarterly	2005 to 2010	None	LAD
Annual Survey of Hours and Earnings	Annual	1998 to 2010*	None	LAD
Annual Business Inquiry	Annual	1998 to 2008†	None	LSOA
Business Register and Employment Survey	Annual	2008 & 2009	None	LSOA
Claimant Count Stocks & Flows	Monthly	1983 to 2011	None	LSOA/Ward
DWP Working Age Client Group (WPLS)	Quarterly	Aug 1999 to Feb 2009	May 2009 onwards	LSOA
ESA Claimants (WPLS)	Quarterly	Nov 2008 to Feb 2009	May 2009 onwards	LSOA
IB/SDA Claimants (WPLS)	Quarterly	Aug 1999 to Feb 2009	May 2009 onwards	LSOA
IS Claimants (WPLS)	Quarterly	Aug 1999 to Feb 2009	May 2009 onwards	LSOA
JSA Claimants (WPLS)	Quarterly	Aug 1999 to Feb 2009	May 2009 onwards	LSOA
Carers Allowance Claimants (WPLS)	Quarterly	Aug 2003 to Feb 2009	May 2009 onwards	LSOA
DLA Claimants (WPLS)	Quarterly	May 2002 to Feb 2009	May 2009 onwards	LSOA
Pension Credits Claimants (WPLS)	Quarterly	Nov 2003 to Feb 2009	May 2009 onwards	LSOA
Statutory Pension Recipients (WPLS)	Quarterly	May 2002 to Feb 2009	May 2009 onwards	LSOA
Jobcentre Plus Notified Vacancies	Monthly	2004 to 2011	None	LSOA
Jobs Density	Annual	2000 to 2008	None	LAD
VAT Registrations and Deregistrations	Annual	1980 to 2007	None	LAD♪

NOTE: Merged/abolished LADs are classed as 'pre-2009 Local Authorities: district/unitary'

*Workplace based from 1998; residence based from 2002

†Earlier data available from Census of Employment and Annual Employment Survey

‡Available for LSOAs from 2001 via NeSS (see above)

♪Stock figures available for wards for 2000 and 2004, and for LSOAs from 2005 to 2007 via NeSS (see above)

Table 5: CLG Online Statistics

Name of Data Set	Frequency	Dates Available for Former LADs	Dates Not Available for Former LADs	Smallest Area for which Data Available
Dwelling stock estimates	Annual	2005 to 2009	2010	LAD[‡]
Dwelling stock by tenure	Annual	2009	2010	LAD[‡]
Net additions to dwelling stock	Annual	2004/5 to 2008/9	2009/10	LAD[‡]
Vacant dwellings	Annual	2004 to 2008	2009 & 2010	LAD[†]
RSL dwelling stock	Annual	1997 to 2009	2010	LAD[‡]
LA dwelling stock	Annual	1994 to 2009	2010	LAD[‡]
Permanent dwellings started and completed	Annual	2004/5 to 2008/9	2009/10	LAD
Household estimates and projections	Every 2-3 years	1991 to 2033*	None	LAD[†]
Ratio of lower quartile house prices to lower quartile earnings	Annual	1997 to 2008	2009 & 2010	LAD
Mean, median and quartile house prices	Quarterly	Q1 1996 to Q3 2008	Q4 2008 to Q4 2010	LAD[♪]
Number of house property sales	Quarterly	Q1 1996 to Q3 2008	Q4 2008 to Q4 2010	LAD[♪]
Households on local authorities' housing waiting lists	Annual	1997 to 2009	2010	LAD
RSL rents	Annual	1997 to 2009	2010	LAD
Local authorities' action under homelessness provisions	Annual	2004/5 to 2008/9	2009/10	LAD
Social rent & other affordable dwellings provided by LA funding	Annual	1991/2 to 2008/9	2009/10	LAD
Development control & planning decisions	Annual	2004/5 to 2008/9	2009/10	LAD[‡]
Dwellings in Council Tax bands	Annual	1999 to 2009	None	LAD[†]

NOTE: Merged/abolished LADs are classed as 'former districts'

*Estimates for each year, 1991-2008; projections at five year intervals, 2013-2033

[†]Some figures available for LSOAs via NESS (see Table 1)

[‡]Each record likely to be geocoded, so aggregation to any spatial area possible

[♪]Small area data produced by HM Land Registry, but not on general release

Given that CLG was the department that oversaw the 2009 reform of local government, it will perhaps come as no surprise that the discontinuation statistics for the former districts has gone furthest with these datasets. Indeed, the progress to date suggests that when the process is complete CLG will publish no further figures at all for the former districts. There is however a potentially important distinction within the CLG datasets:

- Where the data relies on the actions or administrative records of local authorities, and where it has never been published at below local authority level, there seems little likelihood of restoring figures for the former districts. This includes figures on homelessness and on funding for affordable housing.

- On the other hand, where the local authority figures are built up from statistics for small areas – for example in the case of house price data from the Land Registry – there seems no reason why in principle the publication of data for the former districts could not be resumed.

Data availability: some conclusions

It is clear that the process of discontinuing the publication of statistics for the districts abolished in 2009 is now well underway. The process is still far from complete, but there seems unlikely to be much left in a year or eighteen months as new figures come on-stream. Crucially, the key DWP benefits data and the Indices of Deprivation have already been discontinued for the former districts.

But what is also clear is that in the cases where data continues to be assembled and published at a sub-district level, usually for LSOAs, there is no reason in principle why the figures could not be automatically aggregated up to the level of former districts. The resulting figures for former districts could then be published alongside the data for the new unitary counties, as the ONS mid-year population estimates do already. For the data providers, this would only require a simple algorithm in their programs.

3. THE IMPACT ON THE MEASUREMENT OF DISADVANTAGE

A working method

The impact of local government reorganisation on the measurement of disadvantage can best be illustrated by 'before and after' comparisons:

- First, by a ranking of all unitary and district authorities in England using the pre-2009 boundaries, i.e. including all the former districts now merged into the new unitary counties

- Second, by a ranking of all unitary and district authorities in England using the post-2009 boundaries, i.e. including the new unitary counties instead of their former districts

The comparisons presented below use two key datasets:

- The 2010 Indices of Deprivation (IMD)

- DWP working-age benefits data for November 2010

Both datasets are key tools in defining the well-being of areas. However, both these data series have now discontinued the production of figures for former districts. The figures for former districts, used here, have been constructed by aggregating up from the LSOA data that continues to be published.

Indices of Deprivation

The Indices of Deprivation are a sophisticated tool that include several complex measures of overall disadvantage at the local authority scale. To simplify matters, especially in reconstructing data for former districts, the measure used here is the share of LSOAs in the most deprived 20 per cent across England.

Table 6 provides a before and after comparison of the most deprived authorities in England using the overall index of deprivation. The first column lists the former districts that would still appear in the 'worst 150' if statistics were still published for them; the second column shows the unitary counties that appear instead in the 'worst 150' now that the former districts have disappeared.

Table 6: Authorities in the 'worst 150'on the overall IMD, 2010

Former districts	Rank	New unitary counties	Rank
Easington	8	Durham	56
Sedgefield	37	Cheshire West and Chester	120
Wear Valley	44	Northumberland	127
Wansbeck	53		
Ellesmere Port and Neston	63		
Blyth Valley	75		
Derwentside	110		
Penwith	119		
Kerrier	122		
Chester le Street	123		
Crewe and Nantwich	138		
Vale Royal	150		

NOTE: Based on share of LSOAs in the most deprived 20% in England.
Source: Authors' calculations based on the IMD 2010

What the table shows is that Easington, Sedgefield and Wear Valley districts in County Durham would all rank among the most deprived 50 authorities but the unitary county that has replaced them ranks only 56 among post-2009 authorities. Wansbeck and Blyth Valley, in Northumberland, would also rank among the most deprived 100, but their new unitary county ranks only 127. Away from the North East, Ellesmere Port and Neston would rank 63 but the new unitary county of Cheshire West and Chester ranks 120.

IMD rankings are important because they provide a basis for resource allocation. In the past, the worst 50 or 80 authorities have typically been targeted. There is of course nothing fixed about how many authorities might be targeted in future, and the IMD indicator used for resource allocation is unlikely to be precisely the one used here. However, the rankings here do have important implications:

- If the ‘worst 50’ post-2009 authorities were to be targeted, three deprived former Durham districts (Easington, Sedgefield and Wear Valley) would now miss out because the new Durham County would not qualify

- On the other hand, if say the ‘worst 75’ post-2009 authorities were to be targeted, the whole of the new Durham County would be likely to be included

- In Northumberland, even extending the targeting to include all the ‘worst 100’ post-2009 authorities would still exclude Wansbeck and Blyth Valley even though these two former districts would have qualified in their own right before reorganisation.

- The former district of Ellesmere Port and Neston, in Cheshire, would also miss out.

Table 7: Authorities in the 'worst 100' on selected IMD domains, 2010

Former districts	Rank	New unitary counties	Rank
Income deprivation			
Easington	24	Durham	67
Wear Valley	48		
Sedgefield	54		
Wansbeck	56		
Blyth Valley	71		
Ellesmere Port and Neston	81		
Derwentside	83		
Employment deprivation			
Easington	1	Durham	12
Sedgefield	5	Northumberland	72
Wear Valley	12		
Derwentside	13		
Wansbeck	23		
Blyth Valley	42		
Chester le Street	44		
Ellesmere Port and Neston	61		
Penwith	81		
Durham City	83		
Health and disability deprivation			
Easington	2	Durham	27
Sedgefield	4	Northumberland	76
Wear Valley	6		
Wansbeck	18		
Blyth Valley	54		
Derwentside	56		
Chester le Street	65		
Teesdale	70		
Ellesmere Port and Neston	73		
Durham City	89		
Shrewsbury and Atcham	95		
Education and skills deprivation			
Easington	3	Durham	56
Wansbeck	18		
Wear Valley	53		
Sedgefield	54		
Blyth Valley	59		
Ellesmere Port and Neston	64		
Derwentside	66		

NOTE: Based on share of LSOAs in the most deprived 20% in England.
Source: Authors' calculations based on the IMD 2010

These comparisons also illustrate that the statistical consequences of the 2009 local government reorganisation is primarily an issue for Durham and Northumberland and, to a lesser extent, the new authority of Cheshire West and Chester. None of the other new unitary counties – Central Bedfordshire, Cheshire East, Cornwall, Shropshire and Wiltshire – include former districts that on this particular measure would have ranked amongst the most deprived 100. Even Cornwall's most deprived district, Penwith, ranks only 119.

Table 7 looks at four domains within the Indices of Deprivation, relating to income, employment, health, and education and skills. The same 'before and after' approach has been adopted but here the authorities listed are restricted to those in the worst 100.

These four different aspects of deprivation differ in modest ways from the overall index but in general they underline the point that acute deprivation in parts of Durham and in south east Northumberland is hidden by statistics for the new unitary county. This is especially the case for Northumberland, which only fitfully appears amongst the 'worst 100' post-2009 authorities. A number of points about the now statistically invisible former districts are worth noting:

- In the absence of local government reorganisation, Easington in County Durham would be seen to have the highest level of employment deprivation of any authority in the whole of England

- Easington would also be seen to have the second highest level of health deprivation of any authority, and the third highest level of education and skills deprivation

- Durham districts – Easington, Sedgefield and Wear Valley – would occupy three of the six top slots in terms of poor health and disability

- Durham and Northumberland districts would account for seven of the worst 50 in terms of employment deprivation.

It is also worth underlining the point that these startling statistics for former districts are no longer available from official sources.

In contrast, deprivation statistics for the 201 district authorities where the local government structure remains two-tier continue to be compiled and published. Table 8 lists the 27 shire districts that rank among the 'worst 100' post-2009 authorities on the overall deprivation index, again using on the share of LSOAs in each district in the worst 20 per cent nationally.

The important point about this list is that the counties that include the majority of these districts would probably not rank among the worst 100 if they too were to become unitary and figures for their constituent districts stopped being published. The deprivation in these districts would also become 'invisible'. For the moment, however, their statistical visibility gives them an unfair advantage over the former districts in the post-2009 unitary counties, and in the long-run they are more likely to receive funding as a result.

Table 8: Shire districts that remain within the 'worst 100' on the overall IMD, 2010

	Rank
Burnley (Lancashire)	21
Hastings (East Sussex)	25
Hyndburn (Lancashire)	30
Barrow in Furness (Cumbria)	34
Mansfield (Nottinghamshire)	35
Pendle (Lancashire)	39
Preston (Lancashire)	42
Corby (Northamptonshire)	49
Bassetlaw (Nottinghamshire)	55
Lincoln (Lincolnshire)	58
Thanet (Kent)	59
Norwich (Norfolk)	61
Havant (Hampshire)	65
Bolsover (Derbyshire)	69
Ipswich (Suffolk)	71
Chesterfield (Derbyshire)	72
Great Yarmouth (Norfolk)	73
Gloucester (Gloucestershire)	77
Weymouth and Portland (Dorset)	78
Ashfield (Nottinghamshire)	84
Redditch (Worcestershire)	86
Lancaster (Lancashire)	94
Wellingborough (Northamptonshire)	95
East Lindsey (Lincolnshire)	96
Northampton (Northamptonshire)	97
Swale (Kent)	98
Carlisle (Cumbria)	99

NOTE: Based on share of LSOAs in the most deprived 20% in England.
Source: Authors' calculations based on the IMD 2010

In practice, the new unitary counties would stand the best chance of inclusion in any initiative driven by the Indices of Deprivation if the selection of areas was based on the *numbers* affected by deprivation rather than share of the population living in deprived areas. In this regard the sheer size of their population, compared in particular to most districts, works in their favour. Durham County, for example, has a larger population living in the most deprived 20 per cent of LSOAs (on the overall index within the 2010 Indices of Deprivation) than all but eight of the most deprived 60 local authorities in England[2]. The same statistical yardstick would not get Northumberland off the hook: as a smaller authority in population terms, its numbers living in the 20 per cent most deprived LSOA would still not be sufficient to place the county amongst the most deprived 60.

[2] The authors are grateful to Durham CC pointing out this statistic.

In the past, central government has sometimes targeted resources partly on the basis of absolute numbers – the Neighbourhood Renewal Fund is a case in point – and this has worked to the advantage of a handful authorities with a very large population, such as Birmingham. It remains unclear whether this would happen again in future. Arguably, measures of the relative intensity of deprivation, not absolute numbers, are a better guide.

DWP benefits data

Table 9 shows 'before and after' comparisons for the new unitary counties and former districts based on the claimant rates for the three main benefits for the non-employed:

- Jobseeker's Allowance (JSA)
- Incapacity benefits (Incapacity Benefit, Income Support on grounds of incapacity, Severe Disablement Allowance, Employment and Support Allowance)
- Income Support as a lone parent

Because of the way benefit rules work, these three groups are mutually exclusive – there is no double-counting of claimants.

The significance of this benefits data is that because accurate figures are available at the local level it is often used to targeting resources at economic and labour market problems. Over the years DWP has used these figures in piloting labour market interventions, for example, and the current Assisted Area map underpinning investment aid to firms was drawn up with reference to data for JSA and incapacity benefits.

The effect of the creation of the unitary counties is a familiar one: several former districts, particularly in Durham and Northumberland, would have ranked highly in their own right among the worst 100 but the new unitary counties are much further down the rankings. On Jobseeker's Allowance, for example, Durham and Northumberland only rank 86 and 94 respectively.

The incapacity benefit data is worth highlighting. Over the years, Easington in County Durham earned a certain notoriety as the district with the highest incapacity benefit claimant rate in England, and vied with Merthyr Tydfil in Wales for the dubious distinction of having the highest incapacity claimant rate in the whole of Britain. Several other former districts in County Durham also have high incapacity claimant rates, so the new unitary county still ranks badly on this indicator – it comes in at 21 among all post-2009 English authorities. However, since local government reorganisation the acute problem in Easington has become invisible. Easington would still rank first in England in terms of its incapacity claimant rate, as Table 9 shows, but the figures for former districts are no longer published. In this table, they have had to be specially constructed from LSOA data.

Table 9: Authorities in the 'worst 100' on working age benefits data, November 2010

Former districts	**Rank**	**New unitary counties**	**Rank**
Jobseeker's Allowance			
Wansbeck	21	Durham	86
Wear Valley	31	Northumberland	94
Easington	33		
Blyth Valley	61		
Sedgefield	65		
Derwentside	93		
Incapacity benefits (IB/SDA/ESA)			
Easington	1	Durham	21
Wear Valley	8	Cornwall	82
Sedgefield	9		
Derwentside	21		
Wansbeck	30		
Penwith	38		
Blyth Valley	52		
Kerrier	58		
Chester le Street	62		
Restormel	72		
Ellesmere Port and Neston	77		
Income Support (as lone parent)			
Wear Valley	31	(none)	
Wansbeck	39		
Easington	45		
Sedgefield	77		
Derwentside	82		

Source: Authors' calculations based on DWP Works and Pensions Longitudinal Study (WPLS) data for small areas and ONS Mid-year Population Estimates (both accessed via NOMIS)

The impact: an assessment

Whilst this review of the impact of reorganisation on the measurement of disadvantage has focussed only on the Indices of Deprivation and DWP benefits data, there is little reason to suppose that a wide range of other socio-economic data would not reveal a similar pattern. This is particularly the case because the Indices of Deprivation are themselves assembled from so many individual data sets.

The unequivocal conclusion is therefore that the effect of local government reorganisation has been to hide acute deprivation and disadvantage in some unitary counties, most especially Durham and Northumberland.

In County Durham's case, statistics for the unitary county push the authority considerably further down the rankings than some of its former districts, but the new unitary county does not always disappear entirely.

In Northumberland's case, the impact of reorganisation is arguably far more serious. Whereas the problems of the former districts of Wansbeck and Blyth Valley could once have been guaranteed visibility, the averaging process across the county as a whole means that the new unitary often struggles to make even the 'worst 100'.

4. A SPECIAL CASE?

The counter-argument

The evidence in this report points strongly to the case for continuing to compile and publish statistics for the former districts of the new unitary counties. These statistics should then be used, as appropriate, in resource allocation and policy targeting

There is a potential counter-argument, however. This is that the new unitary counties are neither unique in being single-tier authorities nor unusually large in terms of population. Why should they therefore be treated differently, in statistical terms, to other large unitary authorities?

To put the counter-argument in concrete terms: the government does not publish statistics for sub-areas of unitary metropolitan authorities such as Leeds, Sheffield or Birmingham (other than at the very fine-grain LSOA level available everywhere of course) so why should it do so for unitary counties such as Durham, Northumberland or Cornwall?

This is actually a spurious argument, but since it is certain to be deployed the reasons why it is wrong need explaining.

The scale of the new unitary counties

The observation that the new unitary counties are not unusually large in terms of population, by comparison with other single-tier authorities, is correct. They are however among the very largest authorities, in terms of population, in England.

Table 10 lists the 20 largest unitary, metropolitan, district or London borough authorities in terms of population. A number of shire counties have larger populations (Kent comes in at 1.4m) but these counties are two-tier so statistics continue to be produced for their constituent districts. The significance of the types of authority included in Table 10 is that they are the lowest level of local government for which a full range of statistics, including the Indices of Deprivation, is now available. When nation-wide comparisons are made between local areas it is therefore statistics for these authorities that are normally used.

As Table 10 shows, putting aside the two-tier county councils, the new unitary counties now make up three of the 10 largest authorities in England, in terms of population, and six of the largest 20.

Table 10: Largest unitary, metropolitan, district or London borough authorities in England, by population, 2009

		Total population
1	Birmingham	1,029,000
2	Leeds	788,000
3	Sheffield	547,000
4	**CORNWALL**	**531,000**
5	Bradford	507,000
6	**DURHAM**	**506,000**
7	Manchester	484,000
8	**WILTSHIRE**	**456,000**
9	Liverpool	442,000
10	Bristol	433,000
11	Kirklees	407,000
12	**CHESHIRE EAST**	**363,000**
13	Barnet	343,000
14	Croydon	342,000
15	East Riding of Yorkshire	337,000
16	Wakefield	329,000
17	**CHESHIRE WEST AND CHESTER**	**327,000**
18	Ealing	316,000
19	Coventry	313,000
20	**NORTHUMBERLAND**	**311,000**

NOTE: New unitary counties in capitals and bold
Source: ONS Mid-year Population Estimates

It will perhaps come as a surprise that, in population terms, Cornwall is now the fourth largest unitary authority in England, behind only Birmingham, Leeds and Sheffield. Durham County ranks sixth – with a bigger population than either Manchester or Liverpool city councils. Northumberland tends to be regarded as a sparsely populated county but even the new unitary Northumberland County ranks 20th – out of more than 300 authorities across England as a whole. Only two of the eight new unitary counties fail to make the top 20[3].

The point here is that the new unitary authorities may not be unique in having large populations but they are certainly *very large*.

They are also *very different*. Anyone with a rudimentary knowledge of the geography of Britain will immediately notice that the list of the 20 largest authorities places the unitary counties in very unusual company. Just about all the other authorities are big cities or London boroughs – densely built-up urban areas, in contrast to the smaller towns and rural areas that make up the unitary counties.

[3] Shropshire has a population of 292,000 and Central Bedfordshire of 253,000.

To underline this point, Table 11 ranks the same 20 local authorities in terms of their physical area. This highlights the stark differences: the new unitary counties are vastly bigger than England's other most populous unitary authorities. Only one – the East Riding of Yorkshire – can match the new unitary counties, and this is because it too is a unitary county created (along with Herefordshire) by local government reorganisation in 1996. Northumberland, at the top of this list, is nearly *one hundred times larger* than Ealing, at the foot of the list, though their populations are almost identical.

Table 11: Largest unitary, metropolitan, district or London borough authorities in England, by population, ranked by physical size

		Sq. km.
1	**NORTHUMBERLAND**	**5,013**
2	**CORNWALL**	**3,563**
3	**WILTSHIRE**	**3,255**
4	East Riding of Yorkshire	2,408
5	**DURHAM**	**2,226**
6	**CHESHIRE EAST**	**1,166**
7	**CHESHIRE WEST AND CHESTER**	**916**
8	Leeds	552
9	Kirklees	405
10	Sheffield	368
11	Bradford	366
12	Wakefield	329
13	Birmingham	268
14	Manchester	116
15	Liverpool	112
16	Bristol	110
17	Coventry	99
18	Barnet	87
19	Croydon	87
20	Ealing	56

NOTE: New unitary counties in capitals and bold
Source: ONS

To underline the point still further, Table 12 shows the average size (in terms of square kilometres) of four categories of authorities. This again underlines just how different the new unitary counties are in terms of physical scale. The average new unitary county is more than *fifty times* larger than the average London borough, more than *thirteen times* larger than the average metropolitan borough, and more than *eight times* the average size of other unitary authorities in England.

Table 12: Average physical size of authorities

	Sq. km
London boroughs	48
Metropolitan districts	182
Other English unitaries	284
New unitary counties	2,507

Source: ONS

Why size matters

In this context, there are two reasons why the physical size of an authority matters a great deal.

The first is that geographically extensive areas, such as most of the new unitary counties, are more likely to be made up of several largely separate places, with relative weak functional economic links between them and often quite different levels of prosperity. A generation ago each of these separate places would have probably been described as a 'travel to work area' within which people both lived and worked. Commuting patterns have since become more complex, with some middle class car-owners travelling very long distances whilst the labour market horizons of the less well paid and less mobile remain relatively local. Nevertheless, the concept remains valid.

To illustrate the diversity within a unitary county, Table 13 looks at the seven former districts of County Durham. These vary considerably in economic and social health, measured by the Indices of Deprivation:

> *Easington*, on the Durham coast, was dominated by the coal industry until the early 1990s but in a short space of time lost all its mines and, as noted elsewhere in this report, is home to some of the most acute deprivation in the whole of England.
>
> *Sedgefield*, in central Durham, also lost jobs in the coal industry, though mostly somewhat earlier, and has been further hit by the loss of manufacturing jobs, so that it too is highly deprived.
>
> *Wear Valley*, which includes the towns of Bishop Auckland and Crook as well as an extensive rural hinterland in the Pennines, lost its coal jobs in the 1960s and has long struggled to develop a new economic base, resulting again in high deprivation.
>
> *Derwentside*, focussed on the former steel town of Consett in the north west of the county, is gradually being drawn into the commuting orbit of the Tyneside conurbation, which tends to leaven its statistics.
>
> *Chester le Street*, in the north, is already functionally connected to Tyneside through strong commuting flows.

Durham City, at the centre, is in many respects quite unlike the rest of the county – a prosperous university town and administrative centre with a strong tourist trade, and socio-economic indicators often far more akin to parts of southern England.

Teesdale, in the south west, is an overwhelmingly rural area centred on the market town of Barnard Castle.

Statistics for County Durham as a whole inevitably hide this diversity.

Table 13: Diversity within a unitary county: Durham's former districts

	Overall IMD ranking*
Easington	8
Sedgefield	37
Wear Valley	44
Derwentside	110
Chester le Street	123
Durham City	158
Teesdale	189

*based on the percentage of LSOAs in each district falling within the most deprived 20% in England on the overall Index of Deprivation 2010, including all pre-2009 districts in the rankings.

Source: Authors' calculations based on the IMD 2010.

Northumberland provides a further example of internal diversity – in this instance between the two former districts in the south east of the county – Wansbeck and Blyth Valley, which cover most of the former Northumberland coalfield – and the other four mainly rural districts.

The other reason why the physical size of an authority matters is that in very small authorities, such as the London boroughs and several metropolitan boroughs, the level of deprivation tends to be more a reflection of residential segregation rather than, say, the strength of the local economy. London illustrates this best of all: the consistently high deprivation recorded in Newham, Hackney and Tower Hamlets, for example, does not reflect underlying weakness in the London economy. Indeed, Tower Hamlets is home to the massive job growth in Canary Wharf. Rather, the concentration of deprivation in these three east London boroughs largely reflects the distribution of housing that poor people are able to afford or access.

The point here is that the immense differences in the physical size of authorities run the risk of unfairly disadvantaging the new unitary counties:

- Within the unitary counties, major concentrations of disadvantage are **hidden** by the statistical averaging process across former districts

- Conversely in places like London, made up of numerous small authorities, the level of disadvantage is **highlighted** by local residential segregation.

Special case: an assessment

In essence, the case for continuing to compile and publish statistics for the former districts is based on *parity*, not on preferential treatment.

Whilst the new unitary counties are not uniquely large in terms of population, they cover far, far larger areas than just about all other single-tier authorities in England and, as a result, statistics for the unitary county as a whole can hide substantial internal diversity.

Meanwhile, statistics for the districts within the surviving two-tier counties continue to be published and used. Restoring the publication of district-level statistics within the new unitary counties would restore parity of treatment.

5. CONCLUSIONS AND RECOMMENDATIONS

An unintended by-product of reorganisation

When central government first proposed the merger of district councils into new unitary county councils the intention was not to engage in a statistical sleight of hand that would hide local deprivation, though in fairness the councils in Durham and Northumberland did warn that this was likely to be the result. The evidence presented in this report confirms that those authorities' fears were entirely justified.

What is happening in the wake of reorganisation is that the statistics for former districts are now disappearing. The most important data series have already been discontinued. The effect is to obscure substantial areas of deprivation in some of the new unitary counties. Problems that were once highly visible in district-level data are becoming hidden.

Concern at the loss of district-level statistics isn't about the loss of data for its own sake. Statistics for districts are a resource-allocation tool. They help steer decision making on funding and on specific projects. They help guide neighbourhood planning and assist in delivering the government's localism agenda.

This disappearance of statistics for the former districts does not matter much to local authority funding over the next couple of years because the 'area-based grants' that used district-level statistics as a resource allocation tool are being wound down. But it is inconceivable that, in the long-run, measures of local deprivation or disadvantage will never again be used for resource allocation. The disappearance of highly deprived districts into the blander statistical averages for unitary counties is therefore storing up a major and on-going problem for the future.

In fairness, this is not an important problem for all the new unitary counties. Where the level of deprivation is lower, and where there is less internal diversity within the county, the disappearance of district-level data is unlikely to have repercussions for funding. But in a handful of places it matters a great deal and this unintended by-product of reorganisation is set to deliver profound injustices:

- In County Durham, three former districts – Easington, Sedgefield and Wear Valley – are perilously exposed to the loss of funding that might have expected in the absence of re-organisation

- County Durham as a whole might just qualify, but this would be touch-and-go, depending on detailed criteria

- In Northumberland, two former districts – Wansbeck and Blyth Valley – are also perilously exposed to the loss of funding as a result of reorganisation and there is no realistic hope that the county as a whole would qualify

- In Cheshire, the former district of Ellesmere Port and Neston is similarly exposed

All these former districts have high levels of deprivation and to exclude them from possible future funding because of a statistical by-product of local government reorganisation would be entirely wrong.

The injustice would be compounded because the local government reorganisation that happened in 2009 only affected a few parts of England. Elsewhere, statistics continue to be compiled and published for 201 districts that remain part of two-tier counties. In any future allocation of funding based on deprivation, some of these surviving districts would be likely to receive funding that would be denied to former districts with similar or worse problems.

This problem, and the potential injustice, can however be averted with only modest effort on the part of central government and at little if any cost. No new data collection is required.

Recommendations

1. Central government should immediately resume the production and publication of statistics for the former districts of the post-2009 English unitary counties.

2. For those datasets that already include figures for LSOAs or other sub-district units this should be achieved by the inclusion of simple procedures to routinely add up these figures to the level of former districts alongside the statistics for the new unitary counties.

3. The Indices of Deprivation should be amended to include a full range of figures for former districts, calculated on the same basis as the published figures for on-going districts. This amendment should apply to the IMD 2010 as well as to future IMD statistics.

4. The resumption of the production and publication of statistics for the former districts should be implemented across the full range of government, except where the abolition of the district councils has automatically brought an end the collection of administrative data.

5. Any future decisions to allocate resources, or to prioritise areas, on the basis of district-level data should utilise data for the former districts on the same basis as for surviving shire districts.

The proposal here to resume the publication of statistics for *districts*, rather than for other possible sub-county units, is purely pragmatic: districts are geographical building blocks for which recognised, off-the-peg definitions are readily available. In the longer term, the new unitary counties may themselves wish to define new sub-county units that would fulfil the same statistical role as the former districts. However, until new sub-county units have been defined in a reasonably consistent way across all the new unitaries, and have the trappings of official status, a move away from the use of former districts would probably be premature.

Likewise, whilst there may be attractions in moving away entirely from district data in making statistical comparisons, including in two-tier counties, towards standardised statistical units rather than ones that reflect electoral boundaries, the reality is that the district's continuing role as an administrative unit in large parts of England will require that statistics continue to be published for them.

For the new unitary counties, the publication of statistics for their former districts would place them on a *level playing field*.

Economy and Enterprise Overview and Scrutiny Committee

13th February, 2012

Housing Stock Options Appraisal Project

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

Purpose of the Report

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

Background

2. Durham County Council is landlord for around 19,000 homes in County Durham. Durham City Homes, our in house organisation, manages 6100 homes with the two Arms Length Management Organisations (ALMO's), Dale and Valley Homes and East Durham Homes, managing 12,900 homes in the County.

3. On the 29th June, 2010 Durham County Council took the decision to undertake an option appraisal for the future financing, ownership and management of its housing stock. The option appraisal will assist the Council in understanding the range of actions it may take to access the funding it needs to continue to invest in its homes, neighbourhoods and services over the next thirty years.

4. The main drivers for the Councils decision to undertake an option appraisal of its housing stock are:

   - The completion of the decent homes programme in the Durham City area and the approaching completion in the Wear Valley area together with the need to determine a long term plan for investment into all of the Council's housing stock.
   - A need to identify a long term funding solution for council housing stock in the former District of Easington. East Durham Homes are eligible to access around £65M of investment to improve its homes. However, East Durham Homes estimate that they will need an additional £37M to achieve the standard of decency its customers aspire to.

- The Council has inherited three housing management arrangements and must determine if these are efficient and achieving value for money.
-
- Proposals to reform the housing subsidy system. This would enable the Council to retain its rental income for investment into the homes and services in exchange for a readjustment and redistribution of the council's housing debt.

5. The Economy and Enterprise Overview and Scrutiny Committee's review of Durham City Homes recommended that the Committee be engaged in the appraisal work in respect of the future provision of housing services within Durham City. As a result of this members at the Committee meeting on the 4th April, 2011, considered a report and presentation providing information on the key drivers for the Council's decision to undertake an appraisal, the options available to it for future financing, management and ownership of its housing stock. In addition information was also shared at the meeting detailing the process that will be followed to appraise the options and an update on progress in delivering the project to date. It was agreed by members at the meeting that they would receive further reports detailing the progress made in relation to the Stock Options Appraisal and providing members with a further opportunity to make comments in relation to the appraisal process.

6. At the meeting of the Committee held on the 15th July, 2011, members considered a report and presentation from the Housing Stock Options Manager detailing the potential options for the future financing, ownership and management of the Council's housing stock. It was decided at the meeting that a special Economy and Enterprise Scrutiny Committee be arranged to allow members the opportunity for a detailed discussion in relation to the various options.

7 A special meeting of the Economy and Enterprise Overview and Scrutiny Committee was arranged for the 28th September, 2011 to allow members the opportunity to respond to the progress to date, potential options and next steps in relation to the Stock Options Appraisal as part of the consultation process. At the meeting the following comments were made by members:

    - The Communication and Consultation Plan is robust, inclusive and widespread. The Committee was particularly pleased with the number of consultation events undertaken and the range of stakeholders engaged in the process including the Economy and Enterprise Overview and Scrutiny Committee.

- The Committee endorsed the work undertaken to date as part of the Stock Options Appraisal process, particularly that of the project lead and the expert advisors CIH and Trowers and Hamlins.

- In relation to the preferred option, the Committee emphasised the importance of ensuring that whatever the preferred option agreed upon for consultation by Cabinet/ Council this model must ensure that there are opportunities for community involvement and engagement within the organisational operating processes of that model.

- In addition, the Committee accepted that significant levels of investment are needed in the thirty year business plan and that a significant proportion of this needs to be made in the first ten years. It is imperative that early negotiations with the Government need to take place on the possibility of Stock Transfer and also the conditions associated with self-financing.

8 At the meeting on the 14th November, 2011, members of the Economy and Enterprise Overview and Scrutiny Committee received a further update focusing on stakeholder involvement within the Options Appraisal process, consultation undertaken, key messages from the consultation exercise including comments received from Overview and Scrutiny and next steps.

9 It was also confirmed at this meeting that a report would be considered by Cabinet at the meeting on the 14th December, 2011, advising of the outcome of financial analysis and consultation on potential options for the future financing, ownership and management of Durham County Council's housing stock.

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10 The Economy and Enterprise Overview and Scrutiny Committee agreed that a further update presentation in relation to the Stock Options Appraisal project would be provided to a future meeting of the Committee early in 2012.

Current position

11 The Stock Options Appraisal Project report was considered by Cabinet at the meeting on the 14th December, 2011, when the following recommendations were agreed by members:

- The Council should continue to make arrangements for the implementation of self financing, including continued discussions regarding a potential stock retention scenario by:

    - Assessing the impact of the final determinations of self financing debt allocation, on both the HRA MTFP and the 30 year business plan. The 30 year business plan should also be updated to take into account any changes in our long term assumptions i.e. inflation and interest rates.

- Completing a transparent review of self financing, including a final analysis of the number, shape and organisational structures of retained housing management arrangements.

- Developing a comprehensive Asset Management Strategy that considers the long term sustainability of neighbourhoods and stock types; develops a comparable investment standard across all areas informed by customer consultation; and links asset modelling and business plan efficiencies to secure financial viability.

During this process the Council should continue to explore options for the transfer of its housing stock by:

- Considering the guidelines set out in the revised Housing Transfer Manual once published by the DCLG;

- Reviewing the tenanted market value of the stock and the issues associated with debt reduction and value for money and determine optimum transfer combinations that maximise investment for the whole stock;

- Developing a comprehensive communication and consultation strategy to raise awareness amongst all stakeholders of the role of the Council, promote transfer options, explain the implications of stock transfer and include a plan for engaging with hard to reach groups;

- Aiming to submit a formal transfer proposal where feasible to the DCLG by the end of December 2012.

Next steps

12 The presentation at the Economy and Enterprise Overview and Scrutiny Committee on the 13th February, 2012, will provide a further progress update for members in relation to the Stock Options Appraisal project and an opportunity for additional comments.

13 That the Economy and Enterprise Overview and Scrutiny Committee continue to receive further progress updates in relation to the Stock Options Appraisal project.

Recommendations

14 That the members of the Economy and Enterprise Overview and Scrutiny Committee note the information provided in the presentation and comment upon the progress and next steps in relation to the Stock Options Appraisal project

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15 That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress update in relation to the Stock Options Appraisal project at the meeting on the 6th July, 2012.

Background Papers

Housing Stock Options Appraisal (Economy and Enterprise Overview and Scrutiny Report – 15th July, 2011).

Durham City Homes Review Report – December 2010.

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Appendix 1: Implications

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

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

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

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

Accommodation - None.

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

Human Rights - None.

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

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

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

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

Economy and Enterprise
Overview and Scrutiny Committee

13 February 2012

North Eastern Local Enterprise Partnership

Report of Ian Thompson, Director of Regeneration and Economic Development

Purpose of the report

1 This note summarises the ongoing work of the North Eastern Local Enterprise Partnership (NELEP).

Background

2 The NELEP Board was established in July 2011 with an agreed focus on strategic economic opportunities and challenges in the four following areas:

a. Supporting enterprise and private sector business growth

b. Building on key economic strengths

c. Improving skills and performance

d. Strengthening transport, connectivity and infrastructure

3 The NELEP Board includes:

a. Chair: Paul Woolston, Senior Partner, PricewaterhouseCoopers

b. 8 business members including 2 from County Durham who are David Land (Director of Gestamp Tallent Automotive, Aycliffe) and Dr. Arnab Basu (Chief Executive Officer of Kromek, NETPark)

c. 7 local authority leaders or mayors from County Durham, Northumberland and the five Tyne and Wear authorities

d. The Vice Chancellor of Newcastle University and the Principal of Sunderland College

Key work areas

4 The NELEP is involved in a recruitment exercise to appoint to five newly created positions which will form the NELEP support team. Once this team has been established the NELEP will be able to develop operational documentation and working arrangements more quickly.

5 The NELEP recently secured £16.7m from the government's Growing Places Fund and is likely to invite private sector proposals which will generate future financial returns that can be reinvested in other schemes. A transport strategy is being drafted by the NELEP which may also direct some of the Growing Places funding.

6 Work is ongoing to establish the conditions for the creation of a new Low Carbon Enterprise Zone (EZ) which will cover three sites including the North Bank of the River Tyne, the Port of Blyth, and the A19 corridor adjacent to Nissan.

7 With backing from the NELEP, a new rural forum (NEFRAN[1]) has been established within Defra's new Rural and Farming Network. NEFRAN has submitted a bid to establish a Rural Growth Network which, if successful, will lead to the creation of new business workspace in Alnwick and Hexham in Northumberland, Gibside in Gateshead, and perhaps the rural parts of County Durham such as Middleton-in-Teesdale as well as the provision of business support from these hubs for local rural enterprises.

8 The private sector lead of the skills and employment workstream has agreed to attend a meeting of the County Durham Economic Partnership in March to discuss priorities and the coordination of activities. There is potential for the NELEP to lead some priorities that One North East had previously progressed on behalf of region-wide partners, such as planning for future workforce needs. It is likely that the discussion will focus on how employment and skills activities might be coordinated by the NELEP.

9 A Memorandum of Understanding is due to be signed with the Government export and inward investment body, UK Trade & Investment, which will allow the NELEP to access their database of inward investment enquiries and help to develop a regular dialogue with the government.

10 A proposal is being developed to establish closer working arrangements between the Northern Tourism Alliance and the NELEP for the coordination of tourism activities.

11 The NELEP is also considering how to coordinate bids to the third round of the Regional Growth Fund (RGF). This may include the LEP developing a small number of bids which bring together several business projects if the approach would improve the success rate in terms of securing Government support. Another proposal is to develop a bid for a cities programme which will use RGF investment to accelerate private sector investments which support the economic growth of cities in the LEP area.

Recommendations

12 It is recommended that Economy and Enterprise Scrutiny Committee members take note of the information in this report.

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[1] North Eastern Farming and Rural Advisory Network