



Economy and Enterprise Overview and Scrutiny Committee

Date **Tuesday 24 September 2013**
Time **9.30 am**
Venue **Committee Room 1A, 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. Apologies for Absence
2. Substitute Members
3. Minutes of the meeting held 24 June 2013 (Pages 1 - 10)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Media Relations
7. Quarter 4, 2012/13 Revenue and Capital Outturn and Quarter 1 Revenue and Capital Outturn 2013/14: (Pages 11 - 50)
Joint Report of the Corporate Director of Regeneration and Economic Development and Corporate Director - Resources – presented by the Finance Manager, Resources.
8. Quarter 1, 2013/14 Performance Management Report: (Pages 51 - 66)
Report of the Assistant Chief Executive – Performance and Improvement Team Leader, Regeneration and Economic Development.
9. Empty Homes Overview and Scrutiny Review - Update on Recommendations: (Pages 67 - 92)
Joint Report of the Assistant Chief Executive and Corporate Director of Regeneration and Economic Development – Area Based Housing Regeneration Manager and Special Housing Projects Manager, Regeneration and Economic Development.

10. Housing Stock Transfer Project - Update: (Pages 93 - 100)
 - (i) Joint report of the Assistant Chief Executive and the Corporate Director of Regeneration and Economic Development.
 - (ii) Presentation by the Housing Directions Manager, Regeneration and Economic Development.
11. Adult Learning Strategy - Overview: (Pages 101 - 106)
 - (i) Joint Report of the Assistant Chief Executive and the Corporate Director of Children and Adults Services.
 - (ii) Presentation by the Strategic Manager, Progression and Learning, Children and Adults Services.
12. Minutes of the County Durham Economic Partnership meeting held on 29 July 2013 (Pages 107 - 112)
13. 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
16 September 2013

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

Councillor R Crute (Chairman)
Councillor A Batey (Vice-Chairman)

Councillors E Adam, J Armstrong, J Bell, J Clare, J Cordon, I Geldard, D Hall, C Kay, J Maitland, P McCourt, H Nicholson, R Ormerod, J Rowlandson, M Simpson, P Stradling, O Temple, A Willis and S Zair

Co-opted Members:

Mr T Batson, Mrs O Brown, Mr A Kitching, Ms J McKee and Mr JB Walker

DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 2, County Hall, Durham** on **Monday 24 June 2013** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, J Armstrong, A Batey, J Clare, J Cordon, I Geldard, D Hall, J Maitland, P McCourt, H Nicholson, R Ormerod, J Rowlandson, M Simpson, P Stradling, O Temple, A Willis and S Zair

Co-opted Member:

Mr A Kitching

Also Present:

Mr P Robson (JobCentre Plus)

1 Apologies

Apologies for absence were received from Councillor J Bell and O Brown and Ms J McKee (JobCentre Plus).

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meeting held on 5 April 2013 January 2013 were agreed by the Committee as a correct record and signed by the Chairman.

4 Declarations of Interest

There were no Declarations of Interest.

5 Items from Co-opted Members or Interested Parties

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

6 Quarter 4, 2012/13 Performance Management Report

The Chairman introduced the Performance and Improvement Team Leader, Gemma Wilkinson who was in attendance to speak to Members in relation to the Quarter 4, 2012/13 Performance Management Report (for copy see file of minutes).

The Performance and Improvement Team Leader noted the information in the report related to the year end figures for 2012/13 and reminded Members of the different types of indicators reported, Tracker indicators and Target indicators. Members were reminded of the drafting of the 2013/14 indicator set and 4 year targets and of the Overview and Scrutiny Management Board workshop held 14 March 2013 that fed into this process, the key outcomes being set out at Appendix 5 to the agenda report.

Councillors noted that some of the key achievements in Quarter 4 included non-decency levels for Council properties being ahead of target; the number of empty properties being brought back into use exceeding target; and good progress being made in respect of major planning applications determined within 13 weeks, an increase from 68.8% in Quarter 1 to a year end outturn of 75.6%. The Committee learned that there had been 188 apprenticeships starts on the Council's apprenticeship scheme over the year, with 169 currently on the scheme. It was added that there were 130 apprenticeship starts scheduled for the period up to January 2014 via the Council's scheme.

It was added that key performance issues going forward included: occupancy levels of council owned factories and business support centre floor space; and Council Plan actions, including physical improvements to Clifford Road, Stanley and the County Durham Plan (CDP) completion being revised from July 2014 to December 2014. Members noted the Tracker Indicators set out within the report including: the decline in the employment rate, albeit with a slight decrease in the number of Job Seekers Allowance (JSA) claimants aged 18-24; and a slight fall in the use of the Park and Ride facility, thought to be a consequence of particularly unseasonal weather coupled with a relative reduction in use during the period the Lumiere event would have taken place. It was added that there had been a sharp rise in the number of homelessness presentations; however the number of homelessness applications had decreased from Quarter 3, although there was a slight increase on the same period last year. The Performance and Improvement Team Leader added that the Housing Solutions Team had successfully worked in partnership with the Housing Temporary Accommodation Support Services (HTASS) in reducing the number of people who were homeless and requiring emergency accommodation. The Committee were reminded that the key risks to the objectives of the Altogether Wealthier theme were the potential impact if repairs to the Seaham North Pier were not undertaken and the ongoing impact of Welfare Reform.

The Chairman thanked the Performance and Improvement Team Leader and asked Members for their questions.

Members asked questions in relation to child poverty statistics for the County, which Housing bodies performance figures were reported to Committee; the definition of "affordable units"; the use of bed and breakfast hotels for emergency accommodation for those presenting as homeless; potential changes to concessionary fares; the continued decrease in the employment rate; and the Council's apprenticeship scheme.

The Performance and Improvement Team Leader noted that Government were in the process of redefining “child poverty” and the Council would continue to monitor this issue, in context with Welfare Reform changes.

Members noted that in relation to Housing, there were 3 housing organisations which managed the housing stock for Durham County Council: Durham City Homes (DCH), an in-house management organisation; and Dale and Valley Homes (DVH) and East Durham Homes (EDH), both of which were arms-length management organisations (ALMOs). It was noted that therefore the performance figures for those 3 organisations were presented to Committee as a matter of course, with other former Council Housing Associations such as Livin (formerly Sedgefield Borough Council), Cestria (formerly Chester-le-Street District Council) and Derwentside Homes (formerly Derwentside District Council) having become Associations in their own right via large scale voluntary transfer (LSVTs). The Head of Strategy, Programmes and Performance, Andy Palmer added that figures of these associations could be looked at for information, and Councillor J Armstrong reminded the Committee that DCC Councillors were on the Boards of these associations and other Registered Social Landlords (RSLs).

The Performance and Improvement Team Leader explained that there was a national definition of a number of products under the term “affordable” which included shared equity, homebuy and rental in respect of social housing with Members being able to be given further details upon request. In respect of Housing Solutions and emergency accommodation it was noted that this was monitored closely at a service level and Bed and Breakfast accommodation was only ever used as a last resort and on a temporary basis, until other accommodation became available. The Head of Strategy, Programmes and Performance added that there had been increased focus on the issue of homelessness, especially in light of the impact of Welfare Reform, and the area would be monitored and investment made as appropriate as it was a key priority.

In respect of potential changes to concessionary fares, The Head of Strategy, Programmes and Performance noted he had not heard of any changes being made by Government. Councillor J Armstrong noted that more information would be known on this issue, and many others, after the Chancellor made a speech regarding the Comprehensive Spending Review (CSR) later in the week (Wednesday, 26 June 2013).

The Head of Strategy, Programmes and Performance shared Members concern with the decrease in the employment rate and noted that it was a key indicator for the County Durham Economic Partnership (CDEP). Members were informed that the figure 4 years ago was equivalent to the then national average and that the North East was the fastest growing region at that time. The Committee noted that actions being undertaken to try and improve the situation included supporting local businesses; the review of business support that had led to the creation of Business Durham (the amalgamation of the County Durham Development Company and DCC’s in-house Business Support section); and offered help to large companies looking to expand. Councillors were informed that if each business in County Durham took on one extra employee, then unemployment would be zero. The Head of Strategy, Programmes and Performance noted that there was work with the Enterprise Agencies as regards apprenticeships and through the Area Action Partnerships (AAPs), though it was added that there was considerable less funding available with the loss of programmes such as the Working Neighbourhood Fund (WNF) and the Regional Development Agency One North East (ONE).

Members noted the improvement in respect of the number of young people 18-24 in receipt of JSA and noted that this was an important trend to try and maintain.

Resolved:

That the report be noted.

7 Update on Masterplans

The Chairman introduced the Regeneration Projects Manager, Chris Myers who was in attendance to speak to Members in relation to Regeneration Masterplans for County Durham (for copy see file of minutes).

The Regeneration Projects Manager explained the strategic context of the Masterplans, noting that the aims were to coordinate and focus regeneration activities and input into the delivery of the Local Plan and Infrastructure Delivery Plan. Members noted that this also included engagement with partners, stakeholders and the community to then take forward proposals with investors, developers and land owners. It was added that it was important to raise the profile of the Masterplan centres. The Committee were reminded that the development of Masterplans was evidence based and in the context of the DCC corporate Regeneration Statement with a focus on the Regeneration and Economic Development (RED) Capital Programme whilst considering partner activity, public and private sectors within localities.

Councillors noted that of the 12 Masterplans, 5 remained to be completed, with Durham City scheduled to be considered by Cabinet in September, the remaining four: Newton Aycliffe; Peterlee; Shildon; and Spennymoor to be considered in December. The Regeneration Projects Manager referred Members to several recent examples of delivery including:

- The Witham, Barnard Castle – following the closure of Teesdale House, includes 2 listed buildings, a 250 capacity Victorian music hall being brought back into use, with 5 business units in addition, all of which are let
- Stanley – improvements to buildings
- Seaham North Dock – a new building housing the lifeboat, new businesses, and 77 berths, 24 let so far
- Consett – improvement to the public realm
- Auckland Castle – phase one attracted £1Million of Heritage Lottery Funding (HLF), with the possibility of £8 Million HLF over 2 years if bids were successful. Members noted several schemes outside of this funding at the location, attracting an amount of private sector investment
- Durham City – improvements to access along Dun Cow Lane in advance of the Lindisfarne Gospels being on display at Durham University. 150 year old cobbles were replaced to a high standard; progress was 2m² per day.

The Chairman thanked the Regeneration Projects Manager and asked Members for their questions.

Members noted issues in relation to: Masterplans in the context of the CDP; impact of out of town shopping centres on traditional town centres, the sequential test in planning; development at Bishop Auckland, to maximise the impact of visitors to the Castle; how “principal towns” had been defined; any possible detriment to “non-principal towns”; and how AAPs and the public had been consulted and engaged with in relation to Masterplans.

The Regeneration Projects Manager explained that the Masterplans had indeed been considered within the context of the CDP and that the impact of out of town developments was a more general issue than just for County Durham. It was added that looking at evidence of vacancy levels, working with businesses to improve, and drawing more visitors into town centres via other means, such as tourism, could help. Councillors noted that sequential planning in terms of developing in town centres first was still in place and that a number of developments that have gone ahead had been approved against Officer recommendations. The Committee were informed that issues with development at Bondgate in Bishop Auckland were being looked by DCC and the Developer, and the Regeneration Projects Manager noted that The Raven Hill site was on the market. Councillors were informed that the definition of the principal towns came from a Settlement Study approximately a year ago, and there was no marginalisation of other settlements with works for those settlements being within the capital programme. Members were reassured that the management boards of the AAPs were consulted together with key individuals.

Resolved:

- (i) That the report be noted.
- (ii) That a further update be provided to the Committee at its meeting on 9 December 2013.

8 Update on the Work of the County Durham Economic Partnership

The Chairman introduced the Vice-Chair of the County Durham Economic Partnership (CDEP), Sue Parkinson who was in attendance to speak to Members in relation to the work of the CDEP (for copy see file of minutes).

The Vice-Chair, CDEP thanked Members for the opportunity to speak to Committee and referred to the broader economic picture, noting the national economy having a Gross Domestic Product (GDP) growth of only 0.5% on average since 2010. It was explained that the Government approach was to rebalance the economy with a reduction in public sector jobs and an increase in private sector jobs, with headline figures nationally being 1.25 million private sector jobs having been created, and 1 Million public sector jobs being cut. The Committee were informed that in many cases the private sector jobs replacing those lost in the public sector were not equivalent in terms of either pay, hours, conditions (such as flexible working) or all three and also that the replacement private sector jobs were not equally spread across the country. Councillors noted that whilst there had been a recent and welcome reduction in the number of JSA claimants 18-24, the total number of JSA claimants for County Durham had increased by around 65% since April 2006. The Vice-Chair, CDEP explained that the numbers of people in receipt of JSA for 1 year or more had increased and that around a third of the working age population was not in work.

Members were informed that there were labour cuts of around 10% since 2009 and this, in conjunction with Welfare Reform changes, meant an average reduction of £550 per working age adult per year, money that would not be available for the local economy.

In relation to partners, the Vice-Chair, CDEP noted that the voluntary and community sector (VCS) constituted a substantial part of the economy, with 77% of those reporting increases in the number of beneficiaries of their services, with peoples' ability to cope deteriorating. The Committee noted that there had been considerable changes in the retail sector with many high street shops having closed due to out of town facilities or in some cases a larger collapse of a company. It was added that a reduction in the contracts available via public sector procurement was also having an effect and local small businesses, such as butchers and newsagents, had noted a decrease in their takings.

The Vice-Chair, CDEP did note however that there were several areas that presented delivery opportunities:

- Sign up by the CDEP to the DCC Regeneration Statement and Policy Setting, vibrant Durham City, vibrant and successful towns, competitive and successful people, sustainable neighbourhoods and rural communities and a top location for business.
- Local Enterprise Partnerships (LEPs).
- European Funding, with Government support in the form of the Heseltine Review and noting the new funding round (NUTS II), with £450 million being available over the next few years, Durham having been designated with a Transitional status, enabling additional funding support.
- Less match funding, there would be a need to be flexible and focused to maximise opportunities for business and infrastructure.
- Joint Working, Targeted Recruitment and Training (TRT), looking to have investment within the County on goods and services accessed by the Authority.
- Social Enterprises, such as Social Housing Enterprise Durham (SHED), helping to provide work for the long term unemployed while transforming the local area.
- Tourism and Culture, the visitor economy being worth around £740 Million annually for County Durham, with a growing programme of events, the Miners' Gala, Durham Regatta, Lumiere, Lindisfarne Gospels, Brass Festival, Book Festival and Bishop Auckland Food Festival, noting that there was also value to the economy in the supply chain, another opportunity to source locally.
- Durham Business Improvement District (BID), the logo designed by a local "cultural business".
- Rural perspective, with the Rural Growth Fund providing funding for a pilot scheme for rural County Durham, Gateshead and Northumberland supporting rural areas by creating 53 enterprise units, aiming for 300 jobs by March 2015.

The Chairman thanked the Vice-Chair, CDEP and noted the challenges faced by all those working in partnership, to maximise the opportunities to help improve the economy in County Durham. Members noted that as many of them were new to the Committee, there may be value in having a session giving further information as regards the makeup and the mechanics/dynamics of the CDEP.

Resolved:

- (i) That the report be noted.

- (ii) That as part of the refresh of the work programme for the Economy and Enterprise Overview and Scrutiny Committee an overview on the County Durham Economic Partnership is provided at a future meeting.

9 Improving Economic Governance in the North East Local Enterprise Partnership (LEP) Area and North East Independent Economic Review Findings

The Chairman introduced the Spatial Policy Team Leader, Maria Antoniou who was in attendance to speak to Members in relation to improving economic governance in the North East LEP area and the findings of the North East Independent Economic Review (for copy see file of minutes).

The Spatial Policy Team Leader thanked Members for the opportunity to speak to the Committee and explained that the North East LEP was established in January 2011, a partnerships of Local Authorities, businesses, universities, colleges and the voluntary and community sector. The Committee noted the aims of the LEP were to create growth and noted that the LEP included Northumberland, Tyne and Wear and Durham with Tees Valley represented by its own LEP, Tees Valley Unlimited. Members noted that the key role of the North East LEP was in taking on a strategic lead, and that activities included: Enterprise Zones; Growing Places Fund; Regional Growth Fund Infrastructure Pot; and the commissioning of the North East Independent Economic Review (NEIER).

Councillors noted that the NEIER report was published in April 2013 setting out that creating “more and better jobs” was at the heart of the agenda for the area’s economy, and that there were 14 overarching recommendations from the report focussing on access to finance, innovation; inward investment; transport, skills; apprenticeships; strengthened governance and institutional capacity. The Spatial Policy Team Leader explained that the LA7 Leadership Board was established in 2012, to build on the successful track record of partnership working, and comprised the 7 Local Authorities Leaders and Elected Mayor (Durham; Gateshead; Newcastle; North Tyneside; Northumberland; South Tyneside; and Sunderland). Members noted that a Governance Review had several findings that built upon the LA7 statement of intent and that it should be for constituent Local Authorities to build “from the bottom up”, with a draft scheme addressing the findings in order to strengthen current arrangements. The Spatial Policy Team Leader noted that this set out the legal basis for a statutory body, a Combined Authority (CA), with a LA7 CA initially to focus on economic growth, transport and skills.

The Committee were asked to note what a CA was, a formal structure to lead on collaboration on activities that delivered collectively to drive growth and to combine strategic transport planning with wider economic growth objectives. It was added that a CA was a legally independent and accountable body which enabled collaboration between Local Authorities, and it was not imposed, rather it was voluntary for Local Authorities. Members were reminded that a Statutory Order was required to established a CA; Government’s agreement would be required should there be a wish to dissolve a CA, and the CA would be visible, accountable and transparent requiring audit and scrutiny arrangements.

The Spatial Policy Team Leader noted that it was also important to understand what a CA was not, for example it was: not a local government reorganisation, merger or takeover of Local Authorities; not about Local Authorities relinquishing powers; not replacing the LEP; and not a replacement for the roles of individual Local Authorities.

Councillors noted that the Governance Review had set out the reasons why collaborative working would be beneficial, in creating strong and increasing integration across labour and housing markets and key sectors. The Committee noted that there was a need for “institutional capacity” across the area to be able to take on devolved powers and responsibilities and to provide “a voice” for the area. Members noted the need for: a simplification of the skills system, strategic coordination with employers, providers and learners; coordination to unlock further untapped potential for inward investment; and coordination on integrated transport and investment, with links to the wider economic development objectives.

The Spatial Policy Team Leader explained that the CA would aim to deliver a joined up approach to funding and a coordinated structure for skills collaboration, underpinned by economic and labour market intelligence. Members noted that employers would be placed at the centre of a simplified skills system and an Investment Gateway would be established, together with coordinated promotion of the area. The Committee were informed that the draft scheme was the basis for forming the new statutory body and set out the constitutional and operating arrangements of the CA, areas such as scope, membership, voting and scrutiny arrangements. It was added that the draft scheme would also set out the functions of the CA with the practical arrangements of how Local Authorities and partners work would be developed over the next few months. Councillors noted that the next steps were for the individual Cabinets of the constituent Local Authorities to consider the CA scheme, 1.30pm, 24 June 2013, then to be considered by each Local Authorities’ meeting of Council in July, with the CA scheme to be submitted to the Secretary of State by 31 July 2013. It was noted that this would then lead to consultation moving towards the establishment of the CA on 1 April 2014.

The Chairman thanked the Spatial Policy Team Leader and noted that mention of scrutiny arrangements for a CA was welcomed, and that the CA would add democratic legitimacy to the LEP. It was noted that the Chair of Overview and Scrutiny, Councillor J Armstrong would be attending a Scrutiny Network meeting next week where this issue was being considered.

Members noted that the term “Combined Authority” was an unfortunate term and could lead to some confusion, however, Councillors noted that it was important that Durham made its position clear from the start, with Durham being the largest Local Authority involved and therefore should have appropriate standing within the CA. Members also noted that it was important to appreciate that some areas of County Durham would be more economically linked to the Tees Valley LEP and that care should be taken not to overlook this. Councillors also noted concerns with falls in applications to Further and Higher Education, albeit with rises in apprenticeships applications, and asked whether there was a danger of higher skilled people displacing others from apprenticeship opportunities, presenting a possible skills gap, for example in the manufacturing sector, should those higher skilled people choose to move on to another job sector in the future.

It was suggested by the Chair that the committee receives as part of the refresh of the work programme further updates on the development of the CA.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That as part of the refresh of the work programme for the Economy and Enterprise Overview and Scrutiny Committee an update on the development of the Combined Authority is provided at a future meeting.

10 Refresh of the Work Programme for the Economy and Enterprise Overview and Scrutiny Committee

The Chair introduced the Principal Overview and Scrutiny Officer, Stephen Gwilym and the Overview and Scrutiny Officer, Diane Close who were in attendance to speak to Members as regards the Refresh of the Work Programme for the Economy and Enterprise Overview and Scrutiny Committee (for copy see file of minutes).

The Principal Overview and Scrutiny Officer thanked the Chair and reminded Members of the report that had been considered by the Committee, 5 April 2013 and an induction session for the Committee, 18 June 2013 where issues relating to the Work Programme for the Committee had been discussed. Members noted that the Work Programme had been refreshed in order to reflect the actions identified within the Council Plan 2013-2017 for the Altogether Wealthier priority theme, and also to reflect Cabinet's Notice of Key Decisions, the Sustainable Communities Strategy, Partnership plans and strategies, performance information and changes in Government legislation.

The Committee noted that an in-depth review, via a Member Reference Group, was looking at the Impact of Public Sector funding changes on the Economy of County Durham, and that there would be a series of systematic reviews updating Members on progress of previous scrutiny topics. Councillors were reminded that in addition to the review activities, there would be series of overview presentations on various issues relevant to the Committee as well as bespoke activities as required. The Principal Overview and Scrutiny Officer noted that issues already incorporated into the Work Programme included: Business Support; Affordable Homes; review of the performance data from the ALMOs; Skills Development; Apprenticeships; the LEP and CA; and that the issue as regards further information on the CDEP would also be incorporated accordingly. Members noted that the Work Programme was based on the next 12-24 months, although information from the Government's CSR may necessitate a process of reprioritisation of issues.

The Overview and Scrutiny Officer informed Members of an Overview and Scrutiny Workshop to be held in November as regards the CDP; an update would be given to Members by the Chief Executive of Visit County Durham, Melanie Sensicle on Tourism; and the new Managing Director of Business Durham would attend Committee and give an update as regards ongoing work and inward investment.

Councillors noted that there would be the systematic review of several previous scrutiny reviews, including “Increasing Young People’s Employment Opportunities (18-24) in County Durham” issues of apprenticeships, what DCC and partners are doing, travel and the apprenticeship and skills programmes.

The Chairman thanked the Principal Overview and Scrutiny Officer and the Overview and Scrutiny Officer and asked Members for their questions.

Councillors noted issues of Business Start-ups; the Markets Strategy and governance of markets; the Business Improvement District for Durham; inward investment and local procurement; Child Poverty; the Stock Options Appraisal (SOA) project, including the impact of Welfare Reform on families’ quality of life; and the Adult Learning Strategy.

Councillor J Armstrong noted that Overview and Scrutiny Management Board would be looking at the broader scope of Welfare Reform and the Principal Overview and Scrutiny Officer noted that an update on the Adult Learning Strategy was scheduled for the September meeting of the Committee.

Resolved:

That the report and information contained within Appendix 2 to the report be agreed with the addition of an overview on the County Durham Economic Partnership and further updates on the development of the Combined Authority.

11 Minutes of the County Durham Economic Partnership

The Minutes of the meeting of the County Durham Economic Partnership held 13 May 2013 were received by the Committee for information.

**Economy and Enterprise Scrutiny
Committee**

24 September 2013



**Regeneration and Economic
Development Service – Revenue and
Capital Outturn 2012/13**

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

Purpose of the Report

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

Background

2. County Council approved the Revenue and Capital budgets for 2012/13 at its meeting on 22 February 2012. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following three major accounts maintained by the RED service grouping:

- *RED Revenue Budget - £53.186m (original £42.513m)*
- *Housing Revenue Account - £61.579m*
- *RED Capital Programme – £85.995m (original £89.571m)*

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

- Use of range of earmarked and cash limit reserves to support service delivery £1,544k
- Concessionary Fares reduction -£556k
- Increase in Assets budget relating to security at former Whinney Hill School £80k
- Transfer of range of subscriptions budget to Resources -£122k
- Reduction in democratic recharge income of £16k
- Carbon Reduction Commitment allowances £13k
- Increased capital and central support recharges of £602k
- Transfer support recharge for County Durham Development Company to Resources following in-house merger -£114k
- Additional budget for disturbance allowances following office accommodation moves £54k.
- Reduction in Licence Fee budgets -£9k

- Reduction in CDDC budget for loan charges and maintenance - £294k
- Increase in Energy Budgets from services £36k
- Repayment of Loan charges for Solar Panels Project -£194k
- Increase in Depot Recharge £4k and accommodation budget £25k
- Reduction in NetPark Repair & Maintenance budget -£20k
- Additional budget for refinancing of Airport £9,385k
- Additional budget for impact of job evaluation £223k

The revised General Fund Budget now stands at £53.186m.

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

Revenue - General Fund Services

5. The Regeneration and Economic Development Service Grouping is reporting a cash limit underspend of **£0.556m** against the revised annual budget of **£53.186m**. The forecast outturn position reported at Quarter 3 was a cash limit underspend of £0.615m – a variance of only £59k.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis

£'000	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	27,749	28,321	612	-251	361
Premises	2,805	3,885	1,080	-1,002	78
Transport	1,499	1,042	-457	0	-457
Supplies and Services	10,468	9,611	-857	1,650	793
Agency and Contracted	18,800	19,194	394	-83	311
Transfer Payments	245	150	-95	0	-95
Central Costs	18,151	33,982	15,831	-14,732	1,099
GROSS EXPENDITURE	79,677	96,185	16,508	-14,418	2,090
INCOME	-26,491	-41,737	-15,246	12,600	-2,646
NET EXPENDITURE	53,186	54,448	1,262	-1,818	-556

Analysis by Head of Service

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Strategy Programmes Performance	1,876	1,777	-99	-22	-121
Economic Development & Housing	7,796	17,552	9,756	-9,873	-117
Planning & Assets	6,747	7,186	439	-929	-490
Transport & Contracted	27,359	30,264	2,905	-2,704	201
Central Managed Costs	9,408	-2,331	-11,739	11,710	-29
NET EXPENDITURE	53,186	54,448	1,262	-1,818	-556

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

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
Strategy Programmes and Performance (SPP)	Management	Minor variance	(3)	(121)
	Strategy policy partnerships & Support	£47k saving due to close management and control of staffing related budgets £14k underspend on supplies and services due to general efficiency savings	(61)	
	County Durham Economic Partnership	£3k underspend on training £32k underspend on supplies covering printing, advertising, professional fees and other running expenses	(35)	
	Planning & Performance	£11k saving due to close management and control of staffing related budgets £13k underspend on supplies and services mainly due to savings on printing and conferences and seminars and furniture	(24)	
	Funding & Programmes	Minor variance	2	
Economic Development	Head of Economic Development	£60k underspend on third party commitments which never materialised	(60)	
	Physical Development	Minor variance	1	
	Visit County Durham	£55k approved overspend on festivals and events	55	
	Business Durham	£85k overspend on Business Space debts written off relating to prior years	85	
		£90k overspend on NNDR relating to vacant units	90	
		£12k underspend on supplies and services	(12)	
		£40k underspend relating to agreements now ended where proportion of rent was paid to One North East	(40)	
	Economic Development	£100k approved overspend on apprenticeship support	100	
£25k underspend on International Relations service due to favourable		(25)		

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
		exchange rates on overseas exchange visits		
		£55k saving due to close management and control of staffing related budgets	(55)	
	Housing Solutions	£55k saving due to close management and control of staffing related budgets	(55)	
		£14k underspend on transport costs	(14)	
		£18k underspend on bed and breakfast accommodation costs	(18)	
		£46k underspend on supplies, services and activities	(46)	
		£45k underspend on temporary accommodation costs	(45)	
	Housing Regeneration	£5k general underspend on premises costs, renegotiation of rent	(5)	
		£10k underspend on transport costs	(10)	
		£63k saving due to close management and control of staffing related budgets	(63)	
				(117)
Spatial Policy, Planning, Assets & Environment	Head of Planning	Agreed overspend due to £11k contribution to Durham Tyne & Wear City Region Secretariat £50k overspend due to Warm Up North Partner Authority Contribution	61	
	Spatial Policy	£8k saving due to close management and control of staffing related budgets	(8)	
	Development Management	£348k over achieved income partly due to statutory increase of 15% from November 2012 £46k saving due to close management and control of staffing related budgets £203k underspend on printing, advertising, legal fees and other supplies budgets £71k underspend on area of blight works £112k overspend on IT Software until single planning system is implemented	(556)	
	Building Control	£295k under achieved income on fees £23k saving due to close management and control of staffing related budgets £104k underspend on transport costs, professional fees and supplies £38k underspend on dangerous structures as no major works have been required in the year	130	
	Conservation and Design	£29k saving due to close management and control of staffing related budgets £21k underspend on transport and supplies and services budgets	(50)	
	Archaeology	No major variances	(2)	
	Landscape	Overall saving of £18k due to one-off SLA income of £36k offsetting other overspends of £18k	(18)	
	Ecology	£40k underspend on supplies and services	(40)	

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
	Sustainability	£11k overspend on employee costs due to not meeting 3% turnover target £23k underspend on transport and supplies and services £38k over achieved income relating to unbudgeted year 1 RENERGY claim £22k underspend on SPA equipment maintenance £15k overspend on revenue feasibility studies regarding capital project	(57)	
	Heritage Coast	£14k overspend due to reduced funding from Partners	14	
	Assets - Asset Management	£134k saving due to close management and control of staffing budgets £42k underspend on running expenses £71k over achieved income due to large property sale in year £24k overspend relating to debts written off	(223)	
	Assets - Farms	Minor variance	(2)	
	Assets - Reclamation Sites	Minor variance	4	
	Assets - Property Management	£41k under achieved income relating to empty shops at Newgate Street Bishop Auckland £65k under achieved income relating to Brackenhill Centre including debt written off £8k under achieved income on garage plots due to debt written off £42k overspend on Allensford Caravan Park following new management arrangements being put in place from April 2012 £9k over achieved income Murton resource centre £15k under achieved income Horden resource centre £24k under achieved income relating to vacant units at North Road Durham £113k overspend on vacant units at Millennium Square Durham due to NNDR costs and under achieved income £4k overspend on various other properties	303	
	Closed Waste Disposal Sites	Minor variance	(5)	
	Surplus Property	£40k underspend on premises £23k overspend on supplies £6k overspend relating to debts written off £30k overachieved income	(41)	
				(490)
Transport	Head of Transport	Minor variance	3	
	Strategic Transport	£90k overspend on employees due to non-realisation of vacancy savings and extra spending on agency staff to cover for statutory duties due to sickness absence £15k overspend in running expenses £293k increase in third party payments largely due to £144k price increase in contract costs to NSL Ltd for parking services, £85k one off costs, including equipment and taxi enforcement	531	

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
		<p>£133k overspend due to non-achievement of income arising from delay in implementation of civic parking enforcement in the South £50k, £38k loss of income from Newgate Car Park, £45k loss of income from car parking charges due to poor visitor numbers since December due to weather</p>		
	Passenger Transport	<p>£95k saving due to close management and control of staffing related budgets</p> <p>£151k underspend on vehicle costs mainly due to rationalisation of vehicles used and reduced vehicle repairs costs</p> <p>£8k underspend on Concessionary Fares (outside of cash limits)</p> <p>£29k underspend due to increase in income from DfT re Local Sustainable Travel Fund administration charge (2% allowable accountable body fee)</p> <p>£162k underspend due to increase in income arising from changes in bus and rail contracts - contracts renegotiated allowing council to retain income from fares</p> <p>£38k overspend due to decrease in income from other local authorities regarding cross boundary fares</p> <p>£99k increase in recharges to Health due mainly to prior year income being received in 12-13</p> <p>£54k decrease in CRB income for checks on home to school transport</p> <p>£6k underspend on other supplies and services</p> <p>£320k decrease in recharges to other services due to savings made throughout Sustainable Transport</p>	(130)	
	Supported Housing	<p>£94k overspend on employees costs mainly due to vacancy savings not being achieved</p> <p>£15k overspend on vehicle costs</p> <p>£308k underspend on equipment purchases budget of which £112K to cover overspends elsewhere and £196k planned reduction in equipment purchase due to reducing client numbers</p> <p>£19k underspend on smoke alarm cleaning budget</p> <p>£30k underspend on telephones due to changes in CCTV delivery and rationalisation of monitoring centres</p> <p>£16k underspend on licence fees due to changes to security industry authority (SIA) legislation, advertising, CRB checks and security services</p> <p>£55k reduction in leasing payments and maintenance costs</p> <p>£13k less income from CAS - Adults regarding Supporting People charging weeks</p> <p>£87k overspend due to reduction in income due to falling client base</p> <p>£17k underspend due to savings in other running costs</p>	(203)	

Head of Service	Service Area	Description	Year end (Under) / overspend	Year end (Under) / overspend
		£6k overspend due to reduction in CCTV income from non chargeable - non strategic cameras £27k reduction in SLA income of which £19k from internal services		201
Central	Central Costs	Rebate from commensura £10k and savings on other expenses £19k		(29)
TOTAL				(556)

8. The final outturn position was in line with forecasts prepared during the year. The under spend of £0.556m will be carried forward under the 'cash limit' regime and will be available to support the RED service grouping priorities over the medium term. It should also be noted that the MTFP saving target for RED in 2012/13 of £2.612m was delivered.

Revenue – Housing Revenue Account (HRA)

9. The Authority is responsible for managing the HRA which is concerned solely with the management and maintenance of its housing stock of around 19,000 dwellings. Two arms length management organisations (ALMOs) have been established to manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.
10. The table in **Appendix 2** shows the outturn position on the HRA showing the actual position compared with the original budget. In summary it identifies a surplus outturn position on the revenue account alongside a balance on the general HRA reserve of **£7.154m**. The following table summarises the position.

Housing Revenue Account	Budget £'000	Actual Outturn £'000	Variance £'000
Income			
Dwelling Rents	(60,115)	(60,173)	(58)
Other Income	(1,350)	(1,546)	(196)
Interest and investment income	(114)	(266)	(152)
	(61,579)	(61,985)	(406)
Expenditure			
ALMO Fees	17,266	17,266	0
Repairs, Supervision and Management Costs	11,975	11,964	(11)
Negative Subsidy Payment to CLG	0	(94)	(94)
Depreciation	15,510	7,851	(7,659)
Interest Payable	12,234	11,303	(931)
Revenue contribution to capital programme	4,570	13,671	9,101
	61,555	61,961	406
Net Position	(24)	(24)	0

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

- a) **Dwelling Rents £58k additional income** – Overall rental income was in line with the budget with a slightly lower than anticipated void rate;
- b) **Charges for Services and Facilities £22k additional income** – Primarily resulting from the enhanced management of Communal Halls within the Durham City area;
- c) **Contributions towards Expenditure £163k additional income** – Resulting from additional water rates collection commission, furniture pack administration service charge and right to buy administration allowance;
- d) **Repairs & Maintenance £536k overspend** – During the year pressures were identified with respect to increased costs resulting from an increase in void levels and also as a result of the failure of certain gas boilers. Early identification of these pressures during the year allowed mitigating action to be taken to minimise the overspend position. In addition at the year end a review of the capital programme identified costs which were more aligned to revenue spend as opposed to capital, which explains the higher spend but this is offset by a corresponding reduction in the revenue contribution to the capital programme;
- e) **Supervision & Management £36k underspend** – a small underspend in overall terms. This is partly off-set by an overspend on customer services of £100k and additional expenditure on the housing stock options process;
- f) **HRA Subsidy £94k underspend** – this is a refund due to the Council resulting from Housing Subsidy payments made to the DCLG in 2011/12;
- g) **Depreciation £7,659K underspend** – Under HRA Self Financing Local Authorities can no longer use the Major Repairs Allowance as proxy for depreciation. Underspends on depreciation reduce the finance available to finance the HRA Capital Programme and as such an increased Revenue Contribution is required (see note j);
- h) **Bad Debt Provision £514k underspend** – this is due to lower than anticipated rent arrears at the year end;
- i) **Interest Payments £931k underspend** – this results from a lower interest rate achieved and lower overall level of debt;
- j) **Revenue Support to Capital £9,101k available** – the balancing item on the HRA which identifies the potential resources available to support the capital programme and reduce our reliance on borrowing.

- k) **Interest and Investment Income £152k additional income** – resulting from an increase in the value of Investment Properties held in the HRA (such as shops).

12. The final position on HRA earmarked balances as at 31 March 2013 is as follows:

- Stock Options Reserve £500k
- Durham City Homes Improvement Plan £650k
- HRA Reserve £7,154k

Volatility Reporting (Risk Based Reporting)

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

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

Cost Centre	Description	2012-13 Budget £'000	2012-13 Outturn £'000	Variance £'000	Status
Development Control	Planning Fees	-1,654	-2,002	-348	GREEN
Building Control	Building Control Fees	-1,100	-805	295	RED
Concessionary Fares	Contract Payments	11,350	10,786	-564	GREEN
Bus Contracts	Contract Payments less Income	3,331	3,176	-155	GREEN
Business Space	Rental Income & Sales	-2,561	-2,561	0	GREEN
DCH Housing Repairs	Repairs and Maintenance	4,187	4,229	42	GREEN

15. The volatility status indicates the outturn on the specific budget head, with red indicating that the target is not being achieved, amber indicating that the target is not being achieved but the overall variance is within acceptable tolerances and green indicating that the target is being achieved or exceeded.

16. The outturn position shows that the outturn position is broadly in line with forecasts and the Durham City Homes repairs and maintenance budget has been managed down to a broadly neutral position (compared to a forecast overspend of £558k at Quarter 3). Close monitoring of this volatile budget during the year enabled effective action to be taken to manage the year end outturn position and bring it on track with the budget.

Capital Programme

17. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 200 schemes managed by around 40 project delivery officers.
18. The outturn position of the 2012/13 Regeneration and Economic Development capital programme has been finalised. The revised budget was £85.995m - consisting of £40.521m for the General Fund and £45.474m for the HRA.
19. Actual spend for 2012/13 amounts to **£80.146m** – consisting of **£36.227m** for the General Fund and **£43.919** for the HRA. This is shown in the following table:

Service	Final Annual Budget 2012/13 £m	Final Outturn	
		Amount £m	% Spend
General Fund			
Economic Development & Housing	20.349	23.672	116%
Planning & Assets*	9.153	7.757	85%
Transport & Contracted Services	5.682	3.694	65%
Minor Schemes & Contingency	5.337	1.104	21%
Total General Fund	40.521	36.227	89%
HRA	45.474	43.919	97%
Total General Fund & HRA	85.995	80.146	93%

* Amount includes £5.230m of expenditure recorded against other services in the ledger.

20. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme. Most of the RED capital programme is covered by a small number of significant projects which have long lead times, where implementation is over more than one financial year, and 2012/13 has seen significant progress made for a number of major schemes.

Recommendations:

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

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Appendix 1: Implications

Finance

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

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: 2012-13 Housing Revenue Account Outturn Position

	2012/13 Budget	2012/13 Actual Outturn	Variance	
	£000	£000	£000	
Income				
Dwelling Rents	(60,115)	(60,173)	(58)	a
Non Dwelling Rents	(995)	(1,005)	(10)	
Charges for Services and Facilities	(105)	(127)	(22)	b
Contributions towards Expenditure	(250)	(413)	(163)	c
Total Income	(61,465)	(61,718)	(253)	
Expenditure				
ALMO Management Fee	17,266	17,266	0	
Repairs and Maintenance	4,187	4,723	536	d
Supervision and Management - General	4,550	4,514	(36)	e
Supervision and Management - Special	549	555	6	
Rent, Rates, Taxes and Other Charges	100	111	11	
Negative HRA Subsidy Payable to CLG	0	-94	(94)	f
Depreciation and Impairment of Fixed Assets	15,510	7,851	(7,659)	g
Bad Debt Provision and Debts Written Off	916	402	(514)	h
Debt Management Costs	186	186	0	
Total Expenditure	43,264	35,514	(7,750)	
Net Cost of HRA Services per I&E Account	(18,201)	(26,204)	(8,003)	
Share of Corporate and Democratic Core	1,085	1,085	0	
Share of Other Costs Not Allocated to Specific Services	402	387	(15)	
Net Cost of HRA Services	(16,714)	(24,732)	(8,018)	
Interest Payable and Similar Charges	12,234	11,303	(931)	i
Direct Revenue Financing (Contribution to Capital)	4,570	13,671	9,101	j
Interest and Investment Income	(114)	(268)	(152)	k
(Surplus)/Deficit for Year	(24)	(24)	0	
HRA Reserves	7,821	7,154		
Stock Options Reserve	60	500		
Durham City Homes Improvement Plan	400	650		
Capital Reserve	2,000	0		

Appendix 3: RED Capital Programme 2012-13 Outturn Position
GENERAL FUND (GF)

Scheme	Final Annual Budget 2012/13 £m	Final Outturn	
		Amount £m	Variance £m
ECONOMIC DEVELOPMENT & HOUSING			
Barnard Castle Vision	2.324	1.961	(0.363)
North Dock Seaham	0.701	0.684	(0.017)
Durham City Vision	1.057	1.352	0.295
Durhamgate	0.533	4.966	4.433
Town Centres	2.367	1.810	(0.557)
Industrial Estates	3.348	3.305	(0.043)
Durham City Plus	0.339	0.185	(0.154)
Disabled Facilities Grant/FAP	4.384	4.244	(0.140)
Office Accommodation	0.889	0.670	(0.219)
Housing Renewal Programme	4.055	3.970	(0.085)
Travellers Sites – General	0.352	0.525	0.173
TOTAL ECONOMIC DEVELOPMENT & HOUSING	20.349	23.672	3.323
PLANNING & ASSETS			
Energy Schemes	2.103	1.718	(0.385)
URRI Programme	0.940	0.701	(0.239)
Structural Capitalised Maintenance (1)	5.360	5.338	(0.022)
Woodham CTC	0.750	0	(0.750)
TOTAL PLANNING & ASSETS	9.153	7.757	(1.396)
TRANSPORT & CONTRACTED SERVICES			
Transit 15	0.450	0.490	0.040
Major Schemes	0.723	0.394	(0.329)
Local Transport Plan	3.538	2.289	(1.249)
Transport Corridors	0.010	0.043	0.033
CCTV	0.683	0.200	(0.483)
Newcastle Airport Refinancing	0.278	0.278	0
TOTAL TRANSPORT & CONTRACTED SERVICES	5.682	3.694	(1.988)
Minor Schemes & Contingency	5.337	1.104	(4.233)
Total General Fund (GF)	40.521	36.227	(4.294)

HOUSING REVENUE ACCOUNT (HRA)

Scheme	Final Annual Budget 2012/13 £m	Final Outturn	
		Amount £m	Variance £m
Dale & Valley Homes	5.580	5.595	0.015
Durham City Homes	8.965	7.650	(1.315)
East Durham Homes	29.113	28.946	(0.167)
Housing Regeneration (Demolitions)	0.667	0.505	(0.162)
New Build II: Wear Valley	1.149	1.223	0.074
Total Housing Revenue Account (HRA)	45.474	43.919	(1.555)
Overall Total GF & HRA	85.995	80.146	(5,849)

(1) The budget for structural maintenance is held within RED but the expenditure is carried out by Neighbourhoods and charged against other service groupings.

Appendix 4: RED CAPITAL PROGRAMME DELIVERY 2012/2013

Barnard Castle Vision - Actual Spend £1.961m

The programme has:

- strengthened the town's independent retail offer
- restored and conserved the Witham Hall, as well as building a new glass and steel atrium that links the existing buildings
- as part of the above project rebuilt and extended the library and included new council offices and a customer access point
- carried out a Heritage Activities Programme linked to the Witham project
- restored and celebrated Teesdale's landscape and heritage
- developed the creative hub at NeST
- operated a wireless broadband infrastructure across Teesdale
- created Wi-Fi hubs in Middleton-in-Teesdale, NeST and The Bowes Museum
- revived the Scar Top with new landscaping and play area
- repaired the Grade I Listed Market Cross
- worked with Digital City in support of the creative industries

The team has bid for external funding to supplement DCC budgets to realise projects on the ground.

The Teesdale Business Awards recognised this town centre work with a special achievement award presented in October 2012.

North Dock, Seaham - Actual Spend £0.684m

The marina completion works in 2011/2012 led to the marketing and allocation of moorings in 2012/2013. The marina is now well used and shows continuing steady take up of moorings.

The minor works to the areas around the workspaces were completed and the first unit let to a café business. This has now opened and initial indications are that it is acting as a valuable focus drawing people into the previously underused dock area.

These both provide a valuable platform for consideration of potential grant funding to tackle access and the valuable heritage and natural assets of the North Dock area.

Durham City Vision - Actual Spend £1.352m

Heart of the City - Market Place & Vennels

Although the majority of the site works were complete in June 2011 a significant dispute with the main contractor for the works, Carillion remained to be settled. A final account was agreed during 2012/2013 with the payment of a final settlement to the value of £650,000.

As this sum was the result of a significant dispute, finally executed by a deed of settlement, additional legal and consultancy costs were incurred to the value of £34,000.

The two most significant ongoing items of expenditure, not completed as part of the previous project, were to undertake shop front improvements to the value of £41,000 and preparatory work for lighting improvements to the value of £60,000. The lighting work is due to be completed during the current financial year. In addition £75,000 was used to purchase improved cleaning machinery. The remaining funds were used to meet project management costs and internal staff recharges.

The two shop frontage improvements were in key locations. The long vacant shop units owned by the Salvation Army (47 Saddler Street) were brought back into use with a grant. This extended and broadened the range of repairs and included an innovative permanent display of the remains of the Castle's North Gate in the basement. The first phase of the frontage improvement for 10 Market Place was supported by a grant to conserve the heavily ornate upper storeys that form a key part of the Market Place setting.

Lindisfarne Gospels

The Council also supported the preparatory work of the Lindisfarne Gospels team with funding to assist the management of the project.

WHS Visitor Centre

The principal DCC funding for the WHS Visitor Centre project by the University was in previous years. The project won the RICS award for Tourism and Leisure buildings in 2012. The last element of the grant was used in 2012/2013 to support display and finishing works to enhance the visitor experience. Visitor rates continue to be high and above predictions in the business plan

Claypath

We are still awaiting a decision on the end use for this building. The Office Accommodation Team has decommissioned the building with the CCTV and masts still to be relocated by the end of July. A "pop up" art gallery was delivered on time and in budget within vacant premises.

Millennium Place - Gala Theatre

The benchmarking exercise is now complete, highlighting the need to retain cinema and catering. Gala now has 3D digital projectors installed in the Auditorium, and screens 2 and 3. Delivered on time and within budget. Catering will be tackled alongside a visioning exercise for the square in 2013/2014.

Durhamgate - Actual Spend £4.966m

The work in 2012/2013 has concentrated on finishing works to complete the principal projects underway in 2011/2012, these included:

- Completion works to the A167/A688 Thinford roundabout and new access to the development including drainage, kerbing, street lighting, surfacing and signage. It also included resolving the gas utility diversion.
- Street lighting and signage to the A167/York Hill Road junction;
- Further completion of the non-adoptable public realm works including soft landscaping, street lighting and street furniture
- The last phases of the programme for street lighting, signage, road markings, bus shelters and soft landscaping are due for completion by September 2013.

The design and contractual issues from earlier stages of the project have required resolution and led to delays in completion including solving utilities problems.

Town Centres - Actual Spend £1.810m

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

Targeted Business Improvements

The Targeted Business Improvement Grant Scheme continued throughout the major centres of Seaham, Spennymoor, Chester le Street, Crook, Consett & Stanley. The scheme was accessed by over 50 individual businesses and returned the following outputs:

- 90 units brought back into use or refurbished (approx. 20% first floor residential)
- 10 business start ups
- 64 Jobs Created
- 26 business accessing training/mentoring
- Circa 250 jobs supported
- Nearly £1 million private investment
- 45 Businesses Assisted / signpost (outside Targeted Business Improvement Grant Applicants)

Public Realm

Major public realm improvement works were delivered in Seaham, which included de cluttering Church Street, re paving and introduction of new street furniture. The works links the major investment at the Marina and Dock Entrance Scheme looking to increase the flow of tourism into the centre.

Stanley Front Street saw phase one of its improvement scheme start on site February and sees major improvements to public realm including new lighting, street furniture and paving. Having consulted and having agreement on a pallet of materials, work started at the north of the street, and the phased delivery will continue to the south over a period of three financial years, with further works along linkages beyond that.

Consett public realm schemes included improvements to Middle Court, a main entrance to the town centre and link to the C2C. This scheme saw an unslightly grass area turned into an inviting gateway to the retail area, seating and kick rails to deter vehicular parking. Victoria Road also saw major paving works which will continue during 2013/2014 to the bus station.

Spennymoor town centre saw improvements to the link from Cheapside to the Leisure Centre, with the removal of the squash statue (as this is no longer something the leisure centre offers), and opening up the site by removal of some of the shrubbery and improved paving.

In Bishop Auckland we assisted a small group of businesses who was experiencing significant anti-social behaviour problems in a shared courtyard area which backed onto Morrison's car park. We worked with the businesses and supported a project to introduce secure fencing and gates and clearing of the yard. This was further supported by the Safer Neighbourhood Partnership with advice on security and the fitting of alarms.

The Chester-le-Street development masterplan was produced after extensive stakeholder consultation and approved by Cabinet on the 14th November 2012. This summarises issues and challenges facing the town and the strategic context determining the way forward. The masterplan identifies actions that the Council will be undertaking to stimulate and carry out regeneration within the town including the future major strategic impacts of the emerging County Durham Plan.

Chester-le-Street benefited from improvements to some of the major access points into the centre, at Ropery Lane and Picktree roundabouts. Works included paving and fencing, renewal or improvements and will compliment other works being undertaken in the centre to support the Ashes.

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

Industrial Estates - Actual Spend £3.305m

Consett Business Park - Final Phase

The construction of Consett Business Park Final Phase started on site on 7 January 2013. This BREEAM Excellent building will provide 2,000 sqm of business accommodation for over 35 new SME's and aims to create over 120 jobs in the Consett area. All structural works are now complete; with the roof membrane and curtain walling system currently being installed. The build is anticipated to be completed by November 2013.

Industrial Properties Refurbishment Programme

The refurbishment of Sacriston and Coulson Street Industrial Estates completed this financial year, resulting in the refurbishment of approximately 2,823 sqm of floor space. Works included roof, window and door replacements, together with the installation of emergency lighting and the upgrading of void properties to current standards. In addition 4230 sqm of floor space has been refurbished at Stella Gill Industrial Estate with the remaining 50 sqm to be completed during 13/14.

Rural Workshop Development Programme

Improvement works to the restaurant and former TIC at The Durham Dales Centre has been carried out. This includes the refurbishment of the tea room to make it more contemporary and more welcoming to a wider audience. In addition the former TIC area has been remodelled to increase the retail space and hosting of the Tele Talk point.

Derwentside Business Development Centre

Refurbishment works to the E-Business Centre at Consett Business Park completed in December 2012. This involved the refurbishment of 11 offices, extending to 690 sqm, providing replacement flooring, lighting, ceilings, blinds and general redecoration. Since the refurbishment completed a further four offices have been let.

Novus II Business Space - EDBS

A grant of £223,000 was provided to East Durham Business Service (EDBS) towards the provision of 2,000 sqm of SME accommodation in Seaham. Works are now complete and enabled the remodelling of a redundant call centre into small units suitable for occupation by SME's.

Durham City Plus - Actual Spend £0.185m

Dun Cow Lane

The highway works to the Dun Cow Lane were completed in December 2012. This work was undertaken by the same team from Neighbourhood Services which undertook the work at the adjacent Bow Lane in 2011. These improvements provide a high quality pedestrian route for people to access Durham Cathedral and Palace Green from the Elvet area of the City, and they have been completed in advance of the arrival of Lindisfarne Gospels this summer.

Freemans Reach

Following the appointment of the Mapleoak team as preferred bidder, work during 2012/2013 concentrated on the preparation and negotiation of the planning submission. Based on the specialist input drawn into the later stages of the development competition, pre-application discussion moved into greater detail and was broadened to cover all of the technical background to this complex project.

Refinement of the design and inclusion of alternative energy production by an Archimedes Screw led to evolution into an effective final planning submission package. As a result of this process and consultation by the developer's team, there were minimal objections to the final proposals. The scheme received planning approval on the 5th March 2013.

Back Elvet

Resurfacing scheme delayed due to unknown ownership issues. Materials ordered from 2012/2013 budget and are held in storage awaiting confirmation from Design Services of their availability for the scheme starting in 2013/2014.

Disabled Facilities Grants (DFG's) & Financial Assistance Policy (FAP) - Actual Spend £4.244m

Disabled Facilities Grants

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

511 Disabled Facilities were completed by financial year end. Total DFG spend for 2012/2013 was £3,149,785.

Financial Assistance Policy

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

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

£1,093,900 was spent from our budget in 2012/2013. Of this amount £1,000,000 was transferred to the Five Lamps Organisation, with £800,527 given in loans and a current commitment to future loans of £441,769.

Office Accommodation - Actual Spend £0.670m

Expenditure during the financial year 2012/2013 supported the following projects:

- Former Easington District Council Offices - partial demolition of buildings 6-10 as part of the site redevelopment. The project will be completed in 2013/2014.
- Former Chester-Le-Street Civic Centre - options appraisal for the relocation of staff remaining in the Civic Centre with a view to closure and disposal of the site during 2013/2014.
- Crook Customer Access Point (CAP) and Library - refurbishment of the former Crook Civic Centre to co-locate the reconfigured CAP and Library to maximise the use of available space in Council assets and reduce revenue running costs.
- Completion of the co-location of Durham CAP and Clayport Library in Millennium Square.
- Refurbishment to Northumbria House and Crook Civic Centre to enable relocation of staff from Rivergreen to accrue revenue savings.
- Design options for the co-location of the CAP and Library into the Louisa Centre in Stanley.

Housing Renewal - Actual Spend £3.970m

The Area Based Housing Regeneration Delivery Section resources are targeted on holistic regeneration projects in areas with the worst concentrations of housing problems. Each element plays its part in co-ordinated local action focused on sustainable improvements.

The delivery of capital investment programmes for the Area Based Housing Regeneration Delivery Section includes acquisition and demolition of private sector housing stock, group repair schemes, environmental improvements, new housing development, return of empty homes back into use and the promotion and installation of energy efficiency measures.

Schemes include Craghead, Wembley, Easington Colliery and West Chilton.

Craghead

30 properties benefitted from external solid wall energy efficiency measures and small scale group repair works. Additional funding was levered into the programme via Energy Company Obligation (ECO) funding and Department of Energy and Climate Change (DECC) funding which enabled the scheme to be extended into two further streets within Craghead. 15 long term empty properties have been brought back into use via work with partners Derwentside Homes and Craghead Development Trust.

Wembley, Easington Colliery

Wembley Phase 3 Group Repair scheme commenced in February 2013 and will continue into 2013/2014. It will see external improvements to, potentially, 52 properties in James and Hawthorn Streets, Easington Colliery. An external funding award from the Department of Energy and Climate Change (DECC) has also enabled boiler replacements for up to 30 properties within the programme.

West Chilton

The acquisition of 41 (of 52 properties) in Dene Terrace has been completed and residents have been successfully re-housed. Demolition will be progressed across three phases within 2013/2014. Environmental and street lighting works within Raby and Ford Terrace have been completed in conjunction with the AAP and community safety service.

Travellers Sites Refurbishment - Actual Spend £0.525m

Successful appointment of 2 Project Managers and a Project Support Officer. Planning permission awarded for the first two sites in the renewal programme which include Adventure Lane, West Rainton and Tower Road, Stanley. Successfully re-accommodated all residents from the above sites. Appointment of contract administration, design team and principal contractor completed. Adventure Lane and Tower Road secured and handed over to the principal contractor, demolition of existing blocks on Adventure Lane and 2 no at Tower Road completed. Site investigations and asbestos testing carried out.

Energy Schemes - Actual Spend £1.718

Energy Efficiency Fund

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

For 2012/2013 the fund was used for two schemes; the Building Energy Efficiency Retrofit (BEER) scheme phase 1 and Evaporative Cooling at Tanfield Data Centre.

BEER Phase 1 is an Invest to Save scheme delivered by the appointed contractor, British Gas in four buildings:

- Chester-le-Street Leisure centre
- Crook Civic centre
- Stanley Bowls Centre
- Newton Aycliffe Leisure Centre

In each case, a package of measures appropriate to the specific building was installed. These included boiler controls, lighting controls, combined heat and power (CHP) schemes, etc.

The energy savings resulting from these installations will pay back the total cost of the work within a few years (exact and verified calculations are ongoing now that the four schemes are commissioned). A 10% retention will be paid to British Gas after one year so long as they can demonstrate that the promised energy savings have been achieved.

BEER 1 is projected to save £151,530 per annum which equates to a reduction of 787 tons of CO₂

The BEER project is regarded as a major success which British Gas wants to promote nationally and swimmer Duncan Goodhew will be the attraction for a celebratory public event at Chester-le-Street Leisure Centre on 30th May to promote the joint achievements of the Council and the company, funded by British Gas.

The schemes were all completed to time and within budget and Phase II of the BEER project will be rolled out during 2013-14.

The Evaporative Cooling scheme at Tanfield Data Centre uses an innovative technology to cool the IT servers in a significantly more energy efficient manner than by the current, expensive air conditioning units. Commissioning will take place within the next few weeks and impressive financial savings of around £123,472 per annum are expected. This will equate to a saving of 558 tons of CO₂. The contractor for this scheme was Celcius.

The total spend on Evaporative Cooling and BEER in 2012-13 came to £1,393,011

Biomass Boilers

A biomass boiler has been installed at Killhope Lead Mining Museum utilising felled timber from the museum's own woodland as a fuel. The museum is situated in a very remote spot without mains services and had previously relied on an LPG boiler with bulk propane being delivered from Teesport which was both expensive and unsustainable.

A 91% efficient, split log fuelled biomass boiler and a log storage unit were installed although installation was not fully completed within the financial year because of exceptionally heavy snow throughout March and into April which prevented access to the site for a time.

A £50,000 grant was received from the Arts Council to help fund the works and Renewable Heat Incentive (RHI) income will be received annually for 20 years.

Total spend on this project came to £106,000

Away From G

This scheme is funded under the Council's Capitalised Maintenance funding and is therefore not Invest to Save, having longer payback periods. Some initial problems arose owing to uncertainty as to whether the Council was retaining particular buildings and the project had to be curtailed as a result. One scheme was completed in year, comprising boiler and mechanical works at Startforth Morritt School.

Total spend on this project was £99,000

Urban and Rural Renaissance Initiative (URRI) - Actual Spend £0.701m

The URRI programme in its old format has been phased out and this funding has been utilised to complete several environmental projects throughout the County. Two schemes at Consett and Romalldkirk were unable to progress in 2012/2013 re planning and funding issues and these will be brought forward in 2013/2014.

Future works of this type will now be brought forward within the "Towns" programme.

Structural Capitalised Maintenance - Actual Spend £5.338m

This includes the budget areas of Structural and Capitalised Maintenance (to all non schools assets), DDA, Fire Safety, Boiler Replacement and County Farms

The value of work commissioned / agreed amounted to just under £10million and the actual spend of £5.338m is a significant improvement on previous years.

A breakdown of expenditure is as follows:-

- Administration Buildings - £1.6million
- Children & Adult Services Buildings - £189,000
- Caravan Parks - £30,000
- Children's Homes - £400,000
- Community Centres - £37,500
- DDA Improvement Works - £214,000
- Depot Building works - £600,000
- Boiler Replacements - £336,000
- Fire Safety Works - £438,000
- Industrial Estate Works - £62,000
- Leisure Centre - £373,000
- Libraries & Museums - £611,000
- Youth Centres - £216,000
- Miscellaneous works - £81,500

Major schemes included

- Repair scheme to mine workings and installation of water supply at Killhope Lead Mine -£290,000
- Boiler Replacements to 3 primary schools: Dipton Colliery Primary, Acre Rigg Junior & Infants, Hutton Henry CE Primary £336,000
- Re-roofing of Seaham and South Stanley Youth Centres, Stanley Education Centre and Bowburn Library-£330,000
- Window replacements to Spennymoor Jubilee Centre - £105,183

The programme is co-ordinated through an AOWG Property Sub-Group, involving teams within Asset Management, Finance, Building and Facilities Management, Design Services and Project Support.

Woodham CTC - Actual Spend £nil

The authority is in the process of acquiring land at Woodham Community Technology College however approval is still awaited from the DFE before the purchase can be progressed.

Transit 15 - Actual Spend £0.490m

A further scheme at Croxdale has been completed this year introducing a bus lane at the junction of the A167 and B6288. Three mobile Variable Message Signs (VMS) have been purchased aiming to be positioned at various congestion locations advising drivers on using the road layout more efficiently to reduce congestion. The final works costs for the previous year's Barley Mow scheme were also claimed and design works for the remaining schemes has been undertaken.

Major Schemes - Actual Spend £0.394m

The land costs for the previously constructed Drum Industrial Estate Roundabout were claimed this year. Improvement of Bishop Auckland Railway Station began with works to the car park and continues into 2013/2014 to include improvements to the building. Works were also carried out to repair some of the numerous Public Rights of Way that were damaged due to flooding last year. Part 1 claims for previously completed major schemes continue to be received.

Local Transport Plan - Actual Spend £2.289m

LTP3 covers a wide range of transport schemes and is split into three areas, Sustainable Travel, Economic/Transport Corridors and Whole-Town Approach.

Sustainable travel focuses on alternative modes of transport to the private car. This has involved bus infrastructure improvements, new and improved walking & cycling routes and road casualty reduction schemes. Improving driver information, developing Urban Traffic Control and electric vehicle infrastructure has also taken place.

The Community Transport sector has been supported with the funding of two minibuses as has the Local Sustainable Transport Fund programme with match funding to provide facilities at schools being worked with.

Economic/Transport Corridors involve improvements to the principal road network and major transport routes throughout the county. Design work and investigation has taken place for the improvements at Belmont Business Park and feasibility studies carried out for the Durham Relief Roads as outlined in the County Durham Plan. Also under this title within LTP3 are the more substantial Transit 15 and Sunderland Bridge schemes which are funded separately.

Whole-Town Approach deals with the twelve main settlements in the county, aiming to improve transport to regenerate the town and attract businesses. This has involved improvements to bus stations and car parks as well as transport links identified through Masterplans or the Community Economic Development team.

Transport Corridors - Actual Spend £0.043m

Site investigation works and the continuation of the design of the Sunderland Bridge Roundabout scheme have taken place. Issues with land acquisition have delayed progression to the construction phase of the project.

CCTV - Actual Spend £0.200m

The funding was utilised to support equipment and a wireless infrastructure on a countywide basis to reduce revenue costs for the connectivity of the CCTV systems. The savings from this upgrade are linked to the MTFP and work continues to implement the CCTV strategy. The Derwentside shop watch and pub watch airwaves radios have also been upgraded.

Newcastle International Airport - Actual Spend £0.278m

Cabinet has previously approved the participation of the Council in the £0.278m purchase of shares from Darlington Borough Council.

Housing Revenue Account Decent Homes (DCH, DVH, EDH) - Actual Spend £42.191m

In-year works to some 3,439 homes have been completed to reduce and maintain decency levels across all council owned housing stock. This compares to 2,208 properties in 2011/2012. As a result 19% of council homes are currently classed as non-decent (3,444 properties) as opposed to 28% (5,253 homes) at the end of 2011/2012. Capital programmes are in place to ensure full decency is achieved by March 2015.

Durham City Homes

In-year Durham City Homes completed decent homes improvements to 1,205 properties in total. This ensured DCH maintained a 0% non-decency level at the end of the financial year and included the provision of;

- 657 new central heating systems and/or boiler replacements,
- 494 properties with new UPVC double-glazed windows,
- 444 homes with replacement external doors,
- 346 replacement kitchens,
- 367 replacement bathroom suites or additional WCs,
- 352 full or partial electrical re-wires, and
- 4 major roofing schemes

Dale & Valley Homes

Dale & Valley Homes completed decent homes improvements to a total of 474 properties. Their non-decent stock now stands at 0.59% (25 homes) but capital programmes are in place to ensure full decency is met by August 2013. Work undertaken in-year includes;

- 345 new central heating systems and/or boiler replacements,
- 84 homes with replacement external doors,
- 364 replacement kitchens,
- 343 replacement bathroom suites or additional WCs,
- 457 full or partial electrical re-wires, and
- 22 major roofing schemes

East Durham Homes

East Durham Homes completed decent homes improvements to a total of 1,760 properties, exceeding an original works target of 1,500 properties. EDHs non-decent stock now stands at 41% (3,419 properties) which is a 20% reduction from the end of 2011/2012 when 61% of stock was non-decent. Works undertaken include;

- 1,904 new central heating systems and/or boiler replacements,
- 77 properties with new UPVC double-glazed windows,
- 203 homes with replacement external doors,
- 1,509 replacement kitchens,
- 1,498 replacement bathroom suites or additional WCs,
- 1,532 full or partial electrical re-wires, and
- 241 major roofing schemes

Housing Regeneration (Demolitions) - Actual Spend £0.505m

Wheatley Hill

8 properties in Henderson Avenue and 8 properties in Ryan Terrace were demolished as part of the wider masterplan. Further demolitions will take place in 2013/2014 on remaining properties in Cain Terrace and 3 Henderson Avenue once negotiations to acquire are concluded with the owner. The area once cleared will benefit from small scale landscaping and be available for new development in the longer term.

Thornley

8 properties demolished at St Bede's Crescent.

Station Town

Dormand Villa sheltered unit was demolished making the land available for new development in the longer term.

Esh Winning

8 properties demolished and stopping up order achieved. Planning permission granted in January 2013 for The Oaks and Rowan site.

The master plan build programme is progressing in association with our partner Keepmoat. Within 2012/2013, 21 market sale houses were built on the Ridding Road site, 22 affordable units comprising of 12 houses and 10 bungalows (managed by ISOS Housing and DAMHA) were built, and all allocated, on the College View site, with a further 8 houses built on this site for market sale. ISOS Housing received HCA grant to build out a further 10 affordable houses on the Pine Tree site of which the Council facilitated via the use of land and which will continue into 2013/2014.

New Build II - Actual Spend £1.223m

Park Avenue Close - Crook

A total of 46 apartments and 4 bungalows have now been successfully completed, within time and within budget. The scheme has been hugely successful and all tenants have now moved into their new homes. Other than a retention payment, this scheme has now come to successful end.

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24 September 2013



**Regeneration and Economic
Development Service – Quarter 1:
Forecast of Revenue and Capital Outturn
2013/14**

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

Purpose of the Report

1. To provide details of the forecast outturn budget position for the Regeneration and Economic Development (RED) service grouping highlighting major variances in comparison with the budget based on the position to the end of June 2013.

Background

2. County Council approved the Revenue and Capital budgets for 2013/14 at its meeting on 20 February 2013. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the RED service grouping:
 - *RED Revenue Budget - £41.726m (original £41.801m)*
 - *Housing Revenue Account - £64.708m*
 - *RED Capital Programme – £103.654m (original £98.668m)*
3. The original RED General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Contribution to corporate budget for electrical equipment testing - £5k
 - Job evaluation adjustment £14k
 - Transfer of budget to Neighbourhoods for horse impounding -£13k
 - Contribution to corporate training programme -£4k
 - Reduction in staffing budget to reflect purchase of annual leave - £31k
 - Reduction in stationary budgets -£36k

The revised General Fund Budget now stands at £41.726m.

4. The summary financial statements contained in the report cover the financial year 2013/14 and show:
- The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the RED revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The service is reporting a cash limit underspend of **£0.087m** against a revised budget of **£41.726m**.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	28,391	8,794	28,800	409	-175	234
Premises	2,748	527	2,769	21	-	21
Transport	1,318	226	1,209	-109	-	-109
Supplies and Services	9,311	2,098	10,197	886	-1,032	-146
Agency and Contracted	19,264	4,004	20,277	1,013	-296	717
Transfer Payments	200	0	114	-86	-	-86
Central Costs	8,282	194	8,716	434	-13	421
GROSS EXPENDITURE	69,514	15,843	72,082	2,568	-1,516	1,052
INCOME	-27,788	-7,624	-28,788	-1,000	-139	-1,139
NET EXPENDITURE	41,726	8,219	43,294	1,568	-1,655	-87

Analysis by Head of Service

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Strategy Programmes Performance	1,785	577	1,763	-22	-45	-67
Economic Development & Housing	7,012	723	8,089	1,077	-1,024	53
Planning & Assets	6,211	1,268	6,353	142	-544	-402
Transport & Contracted	18,150	3,518	18,521	371	-42	329
Central Managed Costs	8,568	2,133	8,568	-	-	-
NET EXPENDITURE	41,726	8,219	43,294	1,568	-1,655	-87

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

Head of Service	Service Area	Description	Forecast Year End (Under) / Overspend	Forecast Year End (Under) / Overspend
Strategy Programmes Performance	Strategy, Policy, Partnerships & Support	£63k underspend on pay mainly due to two vacancies and employee seconded to Association of North East Councils. £2k underspend on supplies.	(65)	(67)
	County Durham Economic Partnership	Minor variance	(2)	
	Planning & Performance	£4k overspend on pay mainly due to staff turnover savings not being achieved. £7k underspend on supplies mainly due to savings on software.	(3)	
	Funding and Programmes	Minor variance	3	
Economic Development & Housing	Head of Economic Development	Minor Variance	4	53
	Physical Development	Minor Variance	3	
	Visit County Durham	£37k overspend on employees due to unbudgeted apprentice costs and vacancy savings not being achieved	37	
	Business Durham	£29k overspend on employees due to unbudgeted apprentice costs, maternity cover and vacancy savings not being achieved £7k underspend on general supplies	22	
	Economic Development	Minor Variance	(3)	
	Housing Solutions	Minor Variance	6	
	Housing Regeneration	£16k underspend on employees due to savings on 3 part time posts	(16)	
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Minor Variance	(2)	
	Spatial Policy	£14k underspend on employees £16k underspend on transport £18k underspend on general supplies & services	(48)	
	Development Management	£27k underspend on employees £54k underspend on transport £32k underspend on advertising other than staff due to better procurement £115k overspend on computer software (awaiting implementation of single planning system) £34k underspend on general supplies & services £20k underspend on legal costs due to some inquiry costs being reclaimed £236k over achieved income partly due to a number of major applications i.e. Hitachi	(288)	
	Building Control	£66k underspend on employees £10k underspend on transport £11k underspend on training £3k underspend on printing £8k underspend on postages £7k underspend on computers £12k underspend on general supplies & services £64k underachieved building control fees £16k underspend on dangerous structures	(69)	

Head of Service	Service Area	Description	Forecast Year End (Under) / Overspend	Forecast Year End (Under) / Overspend
	Conservation and Design	£44k underspend on employees due to Vacant Conservation Officer and Support Officer £8k underspend on transport £13k underspend on general supplies and services	(65)	
	Archaeology	£13k underspend on employees (extended TA leave secondment) £5k overspend on additional costs for events at Binchester	(9)	
	Landscape	Minor Variance	(2)	
	Ecology	£3k overspend on employees £2k underspend on transport £13k underspend on general supplies & service £15k underspend on green infrastructure £10k underspend on external fees	(37)	
	Sustainability	£10k overspend on employee costs £12k overspend on transport £15k underspend on general supplies & services £7k underspend projects fund £16k Income from RENERGY not budgeted	(41)	
	Heritage Coast	Minor Variance	(3)	
	Assets - Asset Management	£37k approved overspend on employees due to 2 new fixed term posts £4k overspend on former debts written off £8k overachieved income due to unbudgeted New Burdens grant	33	
	Farms	Minor Variance	3	
	Assets - Property Management	£30k under achieved income relating to empty shop at Newgate Street Bishop Auckland £48k under achieved income relating to Brackenhill Centre, Peterlee £8k underspend on various other properties	70	
	Assets - Surplus Property	£48k underspend on surplus property costs £21k over achieved income relating to licences on surplus land	(69)	
	Assets - Millenium Square / Fowlers Yard	£125k overspend on vacant units at Millennium Square Durham due to NNDR costs and under achieved income	125	(402)
Transport	Head of Transport	Minor Variance	5	
	Traffic	£29k overspend on salaries - vacancy savings not met £8k underspend on various supplies and services £313k overspend for Parking Services on Third Party Payments to NSL Ltd due to increases in contract costs and ad hoc work undertaken by NSL on behalf of the council not included in main contract £30k on extra costs for advertising on Park & Ride buses re events such as Lumiere and Lindisfarne Gospels. £40k additional payment on Parking Services to ARRIVA due to extra buses supplied to cover events such as Lumiere and Lindisfarne Gospels £13k expected over achievement in income primarily due to provision of accident data and signs.	391	

Head of Service	Service Area	Description	Forecast Year End (Under) / Overspend	Forecast Year End (Under) / Overspend
	Sustainable Transport	£113k anticipated underspend due to staffing savings	(67)	
		£9k anticipated underspend in premises, transport and supplies and services		
		£70k increase in bus and rail contract costs		
		£12k reduction in anticipated income due to reduced claims for Bus Service Operators Grant (BSOG)		
		£19k increase in recharge to CAS - Adults for increased Fleet costs		
		£8k increase in income from PCT for extra work carried out for travel charges and concessionary fares		
	Supported Housing	£124k increase in employee costs due to overtime payments to cover vacancies and sickness	0	
		£15k anticipated saving on fuel costs due to more efficient working practices		
		£83k saving on equipment purchases		
		£30k saving on telephone infrastructure costs		
		£4k reduction in income mainly due to reduced maintenance costs on CCTV recharged out		
				329
Central	Central Costs			0
TOTAL				(87)

8. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the MTFP savings required in 2013/14 which amount to £1m.

Revenue – Housing Revenue Account (HRA)

9. The Council is responsible for managing the HRA which is concerned solely with the management and maintenance of the Council's housing stock of around 18,500 dwellings. Two arms length management organisations (ALMOs) have been established to manage Easington and Wear Valley housing stock (East Durham Homes and Dale and Valley Homes respectively) whilst Durham City is managed in-house. The responsibility for managing the HRA lies solely with the Authority and this is not delegated or devolved to the ALMOs.
10. The table in **Appendix 2** shows the forecast outturn position on the HRA showing the actual position compared with the original budget. In summary it identifies a balanced outturn position on the revenue account after using a projected surplus of £1,549k towards the capital programme.

Housing Revenue Account	Budget £'000	Forecast Outturn £'000	Variance £'000
Income			
Dwelling Rents	(63,633)	(63,597)	36
Other Income	(1,449)	(1,449)	0
Interest and investment income	(104)	(104)	0
	(65,186)	(65,150)	36
Expenditure			
ALMO Fees	16,469	16,469	0
Repairs, Supervision and Management Costs	12,203	12,203	0
Depreciation	7,850	7,850	0
Interest Payable	12,447	10,862	(1,585)
Revenue contribution to capital programme	16,217	17,766	1,549
	65,186	65,150	(36)
Net Position	0	0	0

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

- a) **Dwelling Rents £36k reduced income** – this results from an anticipated increase in “Right to Buy” sales expected to be completed in 2013/14;
- b) **Interest Payments £1,585k underspend** – this results from a lower interest rate and lower outstanding loan debt than originally anticipated;
- c) **Revenue Support to Capital £1,549k surplus** – the balancing item on the HRA which identifies the potential resources available to support the capital programme and reduce our reliance on borrowing.

Volatility Reporting (Risk Based Reporting)

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

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

Cost Centre	Description	2013-14 Budget £'000	2013-14 Forecast Outturn £'000	Variance £'000	Status
Development Control	Planning Fees	-1,915	-2,151	-236	GREEN
Building Control	Building Control Fees	-910	-846	64	RED
Concessionary Fares	Contract Payments	11,350	11,350	0	GREEN
Bus Contracts	Contract Payments less Income	3,317	3,398	81	AMBER
Business Space	Rental Income & Sales	-2,858	-2,858	0	GREEN
Transport	Car Parking Income	-3,654	-3,639	15	GREEN
Transport	Car Parking Enforcement	556	809	253	RED
Housing Repairs	Repairs and Maintenance	4,338	4,388	0	GREEN

14. The volatility status indicates the expected outturn on the specific budget head, with red indicating that the target is not being achieved, amber indicating that the target is not being achieved but the overall variance is within acceptable tolerances and green indicating that the target is being achieved or exceeded.
15. The key variances at this stage are in relation to car parking enforcement and building control income which will continue to be monitored closely throughout the rest of the financial year.

Capital Programme

16. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises over 200 schemes managed by around 40 project delivery officers.
17. The Regeneration and Economic Development capital programme was revised at Outturn for budget rephased from 2012/13. This increased the 2013/14 original budget. Further reports to the MOWG in May, June and July detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£103.654m** - consisting of **£48.071m** for the General Fund and **£55.583m** for the HRA.
18. Summary financial performance to the end of December is shown below.

Service	Original Annual Budget 2013/14 £000	Revised Annual Budget 2013/14 £000	Actual Spend to 30 June £000	Remaining Budget £000
General Fund	49,318	48,071	4,089	43,982
HRA	49,350	55,583	10,091	45,492
Total	98,668	103,654	14,180	89,474

19. Actual spend for the first nine months amounts to **£14.180m** – consisting of **£4.089** for the General Fund and **£10.091m** for the HRA. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.
20. For the General Fund programme, actual spend to 30 June amounts to £4.089m. The key areas of spend to date have been on Barnard Castle Vision (£0.504m), Industrial Estates (£0.322m), Town Centres (£0.377m), Housing Renewal (£0.684m), Structural Capitalised Maintenance (£0.789), and the Local Transport Plan (£0.961m). Other areas of the programme are profiled to be implemented during the remainder of the year it is anticipated that the projected outturn at 31 March 2013 will be in line with the revised budget.

21. The HRA programme is being significantly supported with £19m of Homes and Communities Agency Decent Homes Backlog Grant funding. In the first three months of the financial year a total of 864 properties have been brought up to the Decent Homes standard.

Recommendations:

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

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

Appendix 1: Implications

Finance

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

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: 2013-14 Housing Revenue Account

	2013/14 Budget	2013/14 Forecast Outturn	Variance	
	£000	£000	£000	
Income				
Dwelling Rents	(63,633)	(63,597)	36	a
Non Dwelling Rents: – Garages	(954)	(954)	0	
– Shops/Other	(121)	(121)	0	
Charges for Services and Facilities	(374)	(374)	0	
Total Income	(65,082)	(65,046)	36	
Expenditure				
ALMO Management Fee	16,469	16,469	0	
Repairs and Maintenance	4,353	4,353	0	
Supervision and Management - General	4,400	4,400	0	
Supervision and Management - Special	491	491	0	
Rent, Rates, Taxes and Other Charges	310	310	0	
Depreciation and Impairment of Fixed Assets	7,850	7,850	0	
Bad Debt Provision and Debts Written Off	968	968	0	
Debt Management Costs	194	194	0	
Total Expenditure	35,035	35,035	0	
Net Cost of HRA Services per I&E Account	(30,047)	(30,011)	36	
Share of Corporate and Democratic Core	1,085	1,085	0	
Share of Other Costs Not Allocated to Specific Services	402	402	0	
Net Cost of HRA Services	(28,560)	(28,524)	36	
Interest Payable and Similar Charges	12,447	10,862	(1,585)	b
Direct Revenue Financing (Contribution to Capital)	16,217	17,766	1,549	c
Interest and Investment Income	(104)	(104)	0	
(Surplus)/Deficit for Year	0	0	0	
HRA Reserves	7,154	7,154	0	
Stock Options Reserve	500	0		
Durham City Homes Improvement Plan	650			

Appendix 3: RED Capital Programme 2013-14

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 June £000	Remaining Budget £000
General Fund				
Economic Development & Housing				
Barnard Castle Vision	2,011	520	504	1,507
Durhamgate	1,159	435	224	935
Industrial Estates	3,199	320	322	2,877
North Dock Seaham	142	14	3	139
Office Accommodation	1,322	130	111	1,211
Town Centres	2,685	180	377	2,308
Urban and Rural Renaissance Programme	209	0	0	209
Minor Schemes	1,175	85	-78	1,253
Disabled Facilities Grant /FAP (1)	4,059	265	266	3,793
Gypsy Roma Travellers	3,353	150	159	3,194
Housing Renewal	5,738	380	259	5,479
Cricket Club	2,800	0	0	2,800
Planning & Assets				
Renewable Energy Schemes	1,604	-14	-14	1,618
Structural Capitalised Maintenance	5,869	2,200	789	5,080
Woodham Community Tech College	750	0	0	750
Minor Schemes	785	65	114	671
Transport & Contracted Services				
Local Transport Plan	4,930	940	961	3,969
Transport Corridors	1,116	25	25	1,091
Transport Major Schemes	2,535	55	64	2,471
Transit 15	1,250	14	1	1,249
CCTV	483	0	0	483
Minor Schemes	250	0	0	250
Strategy & Programmes Minor Schemes				
	647	32	2	645
General Fund Total	48,071	5,796	4,089	43,982
Housing Revenue Account (2)				
Durham City Homes	13,906	3,480	2,205	11,701
Dale and Valley Homes	8,000	2,000	2,572	5,428
East Durham Homes	32,664	8,170	5,306	27,358
Mortgage Rescue	200	0	0	200
New Build	500	0	0	500
Housing Demolitions & Regeneration	313	10	8	305
Housing Revenue Account Total	55,583	13,660	10,091	45,492
RED Total	103,654	19,456	14,180	89,474

(1) Financial Assistance Programme

(2) HRA actual spend includes accruals for Housing Providers

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**Economy and Enterprise
Overview and Scrutiny Committee**



24 September 2013

**Quarter 1 2013/14
Performance Management Report**

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

Purpose of the Report

1. To present progress against the council's corporate basket of performance indicators (PIs) and council plan actions for the Altogether Wealthier theme and report other significant performance issues for the first quarter of 2013/14.

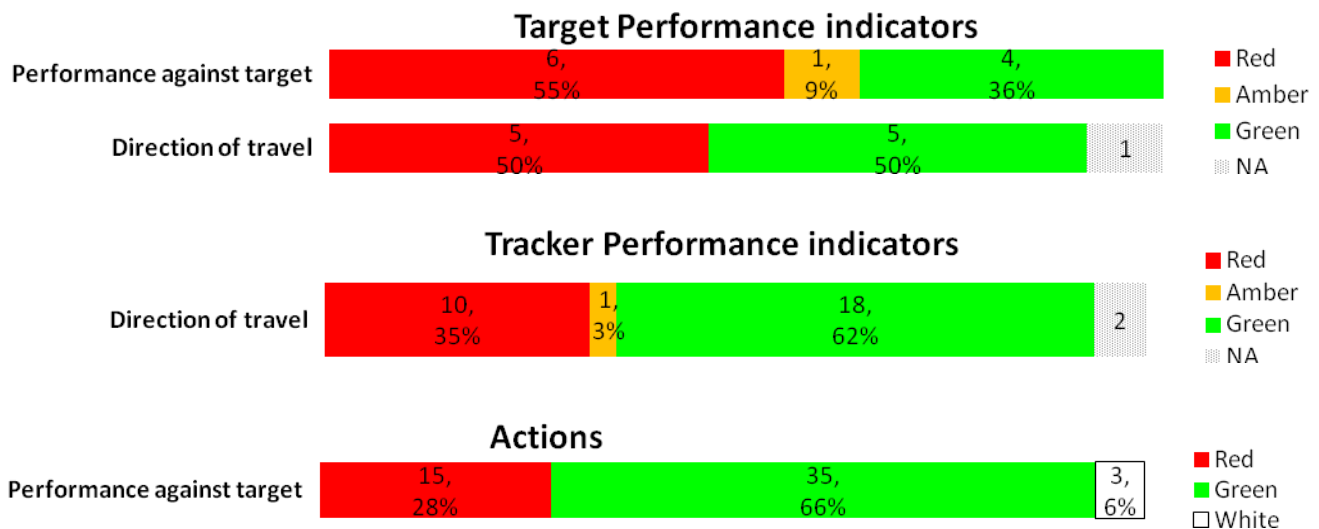
Background

2. This is the first quarterly corporate performance report of 2013/14 for the council highlighting performance for the period April to June 2013. The report contains information on key performance indicators, risks and Council Plan progress.
3. The report sets out an overview of performance and progress by Altogether priority theme. Key performance indicator progress is reported against two indicator types which comprise of:
 - a. Key target indicators – targets are set for indicators where improvements can be measured regularly and where improvement can be actively influenced by the council and its partners; and
 - b. Key tracker indicators – performance will be tracked but no targets are set for indicators which are long-term and/or which the council and its partners only partially influence.
4. A summary of key performance indicators is provided at Appendix 3. More detailed performance information and Altogether theme analyses are available on request from performance@durham.gov.uk.

Developments since last quarter

5. Extensive work has been undertaken by all services to develop a revised 2013/14 corporate set of indicators. This set of indicators is based around our six Altogether priority themes and will be used to measure the performance of both the council and the County Durham Partnership.
6. Specific changes to note in respect to the corporate indicator set include:
 - a. There is to be a stronger focus this year on volume measures in our performance framework. This will allow us to better quantify productivity in the forthcoming year and to monitor the effects of reductions in resources and increases in volume driven by the economic situation and national policy changes such as welfare reform.
 - b. This year has seen a number of satisfaction indicators removed from the corporate indicator set mainly due to increasing intervals that surveys are carried out. Options are being considered to report measures of satisfaction through another process.

Altogether Wealthier: Overview



Council Performance

7. Key achievements this quarter include:

- a. This quarter 36% of East Durham Homes were classed as non-decent, an improvement of five percentage points from last quarter and 20 percentage points from the same period last year. East Durham Homes are on track to meet the target of 25% at the end of the financial year. Dale and Valley Homes and Durham City Homes stand at 15.6% and 13.5% respectively. This financial year's programme of works has commenced and work is progressing to return their level of non-decency to 0% by quarter 4.
- b. There have been 31 empty properties brought back into use as a result of local authority intervention, a significant improvement from the same period last year (12 properties). Performance is well ahead of the quarterly target of 15 and demonstrates an excellent start towards the annual target of 75. This is the result of a focused approach and partnership work with registered providers to identify long term empty properties and discussions with owners regarding their options for returning properties back into use. The number of private sector properties improved as a result of local authority intervention (203) was also above target (152) although performance was not as good as last year when 248 properties were improved.
- c. Throughout the county the number of net home completions has risen to 290 this quarter from 159 at the same period last year, an increase of 82%. Of these, 14 homes were in Durham City, an increase from the seven homes delivered during the same period last year. There were 125 completions in and near major settlements (43%), a reduction from 45% last quarter and 54% last year. More major schemes are being implemented in smaller towns however recent monitoring suggests there are a large number of sites in major settlements with planning permission that are yet to be implemented. This quarter 60 affordable homes were delivered, which is less than the same period last year when 89 homes were delivered. The service is to revise the annual target from 255 increasing to 350 affordable homes delivered. This is due to a number of programmes being confirmed which aim to deliver more affordable homes.

- d. The number of planning applications received against all categories has shown a reducing trend during 2012/13. A slight rise has been seen this quarter but numbers still remain below 2011/12 levels. Performance shows that applications determined within deadline remains positive with performance of 89.7% which is ahead of the 85% target and the 86.5% achieved in the same period last year (see Appendix 4, Chart 1). However, performance has dropped to 66.7% of major planning applications determined within 13 weeks from 94.3% in quarter 4 2012/13. Performance was below the 71% target and the 68.8% achieved in the same period last year. An analysis is to be undertaken to understand the reasons behind the underperformance.
- e. Occupancy levels of council owned factories and business support centre floorspace have increased again this quarter and now stand at 74.5%, just below the 75% target. This is an improvement of 4.9% from the same period last year when occupancy levels were 71%.
- f. The number of people in the county qualified to NVQ level 3 and above has increased by 5.1%, from 46.5% in 2011 to 47.4% in 2012. Although this is an encouraging improvement, the county is still below the North East regional rate of 50.9% and the England rate of 56.9%. Initiatives such as the Welfare to Work programmes and continued liaison with the National Apprenticeships Service are supporting residents to achieve higher skill levels.
- g. There has been good progress made with a number of Council Plan actions as follows:
 - i. Delivery of Durham City projects - initial discussions have taken place on the design for North Road bus station, soft market testing has been completed and an options appraisal will be commissioned at the next stage. An options appraisal has commenced on Lower Claypath and Millennium Place and should be completed on time. The former ice rink has been demolished and enabling works are underway. The Lindisfarne Gospels event opened as scheduled. Construction for the Belmont Business Park junction improvements commenced in July 2013.
 - ii. Seaham Town Centre improvements - the North Dock Marina is open to the public and was officially launched on 11 July 2013. There have been 25 expressions of interest in the marina building received to date. Consideration is being given as to whether to embark on a marketing exercise.
 - iii. Delivery of transport capital and Local Transport Plan priorities in South Durham - approval has been received from Network Rail in relation to works to improve passenger waiting facilities at Bishop Auckland Railway Station and construction is expected to be complete by September 2013. Approvals have been sought from Network Rail to deliver a cycle/walk route between Shildon and Newton Aycliffe, following receipt of a grant to support the capital allocation.
 - iv. Barnard Castle Town Centre improvements - the Heart of Teesdale project is progressing well with the Castle and Scar Top landscaping works being completed in July 2013. A preview event and open day have been held and the website has been launched. The Amen Corner scheme (an area outside St Mary's Church, Newgate) has commenced and is expected to be completed by September 2013.
- h. There is a key action in the Regeneration and Economic Development (RED) service plan regarding the renewal of the permanent Gypsy Roma Traveller Sites. Adventure Lane, West Rainton and Tower Road, Stanley have both been fully decanted. The sites closed in April and demolition, site clearance and site investigation works are complete and the full works are expected to commence in August and September 2013 respectively. Work is ongoing to develop proposals for alternative sites.

8. The key performance improvement issues for this theme are:
- a. During quarter 1, 28 apprenticeships were started through county council schemes. This figure is below the target of 32 and performance for the same period last year (56). The terms, conditions and criteria of the apprenticeship programme (phase 2) have just been revised, which should lead to more interest from private, public and community sector employers.
 - b. Key Council Plan actions behind target in this theme include:
 - i. The Durham City Regeneration Scheme at Aykley Heads (a mixed use development for employment) to allocate the site upon adoption of the County Durham Plan was due to be delivered by July 2014. The timescales for completion have been amended to December 2014 to align with the County Durham Plan.
 - ii. The delivery of traffic priorities in Durham City, including the use of technologies to reduce congestion on the network by 2015, has been delayed as there is currently no funding available for the introduction of Urban Traffic Management within Durham City. Future design work will be co-ordinated with the potential redevelopment of the Aykley Heads site. A new timeframe is unable to be agreed until funding has been secured.
 - iii. Development of the County Durham Plan 2014 has been delayed due to the timescales being rearranged in line with the Planning Inspectorate. This includes:
 - Statement of consultation for preferred options, due by May 2013 has been revised for completion by September 2013;
 - Consultation on preferred options, due in October 2013 has been revised for completion in November 2013;
 - Preparation for examination in public, including mock examination and pre-enquiry meeting, due in April 2014 has been revised for completion by June 2014; and
 - Full Council adoption, due in July 2014 has now been revised to December 2014.
 - iv. Completion of regeneration frameworks for some key towns has been delayed as follows:
 - Peterlee - September 2013 (Revised date: October 2013)
 - Shildon - June 2013 (Revised date: October 2013)
 - Newton Aycliffe - September 2013 (Revised date: October 2013)
 - Spennymoor - June 2013 (Revised date: September 2013)
 - v. Delivery of a programme of transport capital works across the county has had some delays at the A167 Northlands roundabout at Chester-le-Street, (revised date April 2014). The introduction of a new signal controlled roundabout was not agreed until July which caused a delay to the deadline. The construction phase is expected between December 2013 and April 2014.
 - vi. Reducing the number of empty domestic properties through a programme of targeted support was due to be completed by March 2014. Expressions of interest were not forthcoming as no registered providers sought to work in partnership to bring empty properties back into use within the identified areas. As such, a way forward has been agreed with the Homes and Communities Agency and a detailed proposal is to be prepared by August 2013.

- vii. There are also three council plan actions behind target due to timescales changing following further in depth service planning discussions within the RED service grouping. Details of these are below:
- Delivery of Durham City Regeneration Schemes including; North Road (major regeneration, gateway to the City) – September 2013. Revised date: January 2014.
 - Identify opportunities to enhance work programme delivery within County Durham through working with specialist provides - March 2014. Revised date: March 2016
 - Pursue the preferred option for the future of council housing across County Durham - November 2014. Revised date: March 2015.

9. Tracker indicators for this priority theme (see Appendix 3, table 2) show:

- a. The employment rate has increased from 65.1% reported last quarter to 65.8% at the end of March 2013, although this remains below the national rate of 71.1% and regional rate of 66.5%. The proportion of the working age population currently not in work who want a job has also improved slightly, falling from 16.45% to 16.40% however is below both the national and North East figures of 11.63% and 14.42% respectively.
- b. The proportion of Job Seekers Allowance (JSA) claimants claiming for one year or more continues to rise, from 32.33% last quarter, to 34.54% this quarter, although the actual number of long term claimants has fallen from 5,055 to 4,970. This compares favourably to the North East rate of 35.1% however is worse than the national rate of 29.75%.
- c. The number of 18-24 year olds claiming JSA remains high although this is continuing to decrease. The number of claimants peaked in February 2012 at 5,630 however has now improved for five consecutive months, reducing from 5,200 in January 2013 to 4,435 this quarter, a decrease of 765 claimants.
- d. There has been a rise in the total number registered on the Durham Key Options system who have been rehoused (which includes existing and new tenants) from 959 in quarter 1 2012/13 to 1,088 in quarter 1 2013/14, an increase of 13.5%. Increased demand has been seen each quarter for the past two years and this trend continues this quarter (see Appendix 4, Chart 2).
- e. The proportion of children in poverty increased slightly from 24.6% in November 2012 to 24.7% in February 2013. It should be noted that this has remained at around the same level since February 2012 whilst nationally there has been a steady, although small reduction. This means the relative child poverty gap between County Durham and England is growing. This is also the trend in the North East in general.
- f. Despite an increasing trend in the volume of housing solutions (homeless) presentations seen over recent years, this quarter has seen a fall in the numbers to 1,519 compared with 1,761 last quarter, however this is 9.9% higher than the same period last year (1,382) and 42% higher than quarter 1 of 2010/11 (1,067). There was an increase of clients in the first few weeks of the quarter due to welfare reform. However changes to processes such as the pre eviction procedure and the housing triage, designed to highlight early concerns, have reduced this number (see Appendix 4, Chart 3).
- g. The proportion of statutory homeless applications has increased slightly from 14.03% last quarter to 14.35% this quarter. There has been a decrease in the proportion of homeless applicants accepted with a full homeless duty from 3.69% (65) in quarter 1 2012/13 to 3.36% (51) this quarter. However this is an increased level of those accepted with a full homeless duty and further analysis will be carried out into why this percentage is high. Homeless preventions have improved slightly from 19.53% (344) last quarter to 20.93% (318) this quarter.

10. A new development this period within this priority theme relates to the Hitachi high tech rail assembly plant in Newton Aycliffe. Site preparation and investigation works have commenced with the archaeological investigations now completed. The developers continue to prepare for the on-site construction of the buildings and related infrastructure. The Government have also recently announced that Hitachi will be awarded a £1.2bn deal to build new UK trains. The firm will build 270 carriages which are part of the class 800 series and will go into operation on the East Coast Main Line from 2019. Production will start in 2016.
11. This period has seen two prestigious events taking place in the county. The Lindisfarne Gospels Durham, a world-class exhibition staged on Durham's World Heritage Site, opened in Palace Green Library. The centre piece of the exhibition is the Lindisfarne Gospels, one of the world's most precious books. It is on loan to Durham from the British Library until 30 September 2013. To date, the exhibition has seen some 60,000 tickets being booked. The Emirates Durham International Cricket Ground in Chester-le-Street held the first Ashes test ever in the region. The North East's first experience of the Ashes has been hailed as a huge success, with more than 70,000 spectators packed into the ground to watch. Both events will bring major benefits to the regional economy and businesses are already reporting the benefits of an influx of visitors. Feedback so far from visitors is overwhelmingly positive.
12. There are no key risks in delivering the objectives of this theme.

Recommendation

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

Appendix 1: Implications

Finance

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

Staffing

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

Risk

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

Equality and Diversity/Public Sector Equality Duty

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

Accommodation

Not applicable

Crime and Disorder

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

Human Rights

Not applicable

Consultation

Not applicable

Procurement

Not applicable

Disability Issues

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

Legal Implications

Not applicable

Appendix 2: Key to symbols used within the report

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

Performance Indicators:

Direction of travel

Latest reported data have improved from comparable period

GREEN

Latest reported data remain in line with comparable period

AMBER

Latest reported data have deteriorated from comparable period

RED

Performance against target

Performance better than target

Getting there - performance approaching target (within 2%)

Performance >2% behind target

Actions:

WHITE

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

GREEN

Action on track to be achieved by the deadline

RED

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

Benchmarking:

GREEN

Performance better than other authorities based on latest benchmarking information available

AMBER

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

RED

Performance worse than other authorities based on latest benchmarking information available

Appendix 3: Summary of Key Performance Indicators

Table 1: Key Target Indicators

Ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier										
1	Apprenticeships started through Durham County Council funded schemes	28	Apr - Jun 2013	32	RED	56	Not comparable [1]			
2	Percentage achievement rate of all enrolments on adult learning courses	96.5	2011/12 ac yr	92.0	GREEN	92.3	GREEN	91.7 GREEN		2010/11 ac yr
3	Number of affordable homes delivered	60	Apr - Jun 2013	87	RED	89	RED			
4	Number of private sector properties improved as a direct consequence of local authority intervention	203	Apr - Jun 2013	152	GREEN	248	RED			
5	Number of empty properties brought back into use as a result of local authority intervention, excluding empty properties demolished as part of an area based housing renewal intervention.	31	Apr - Jun 2013	15	GREEN	12	GREEN			
6	Proportion of Dale and Valley Homes properties currently not meeting decency criteria	15.6	As at Jun 2013	0.0	RED	2.0	RED	11.1 RED	8.4** RED	2010/11
Page 59	Proportion of Durham City Homes properties currently not meeting decency criteria	13.5	As at Jun 2013	0.0	RED	9.8	RED	11.1 RED	8.4** RED	2010/11

Ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
8	Proportion of East Durham Homes properties currently not meeting decency criteria	36.0	As at Jun 2013	25.0	RED	56.0	GREEN	11.1 RED	8.4** RED	2010/11
9	Percentage of council owned factories and business support centre floorspace that is occupied	74.5	As at Jun 2013	75.0	AMBER	71.0	GREEN			
10	Percentage of major planning applications determined within 13 weeks	66.7	Apr - Jun 2013	71.0	RED	68.8	RED	57.0 GREEN	63** GREEN	Apr 2012 - Mar 2013
11	Overall proportion of planning applications determined within deadline	89.7	Apr - Jun 2013	85.0	GREEN	86.5	GREEN			

[\[1\] Due to changes to the indicator the previous year's data is not comparable](#)

Table 2: Key Tracker Indicators

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier										
96	Number of the top retailers represented in Durham City	13	As at Jun 2013	13	AMBER	15	RED			
97	Percentage of households within County Durham that can access Durham City market place by 8.30am, using public transport with a total journey time of 1 hour, including walking time	73.58	Apr - Jun 2013	76.35	RED	78.71	RED			
98	Number of visitors to the main tourist attractions in Durham City.	99,687	Apr - Jun 2013	56,933	Not comparable [2]	94,527	GREEN			
99	Number of passenger journeys recorded by the operator of the 3 Durham City Park and Ride sites	258,786	Apr - Jun 2013	251,925	GREEN	255,685	GREEN			
100	Number of all new homes completed in Durham City	14	Apr - Jun 2013	2	GREEN	7	GREEN			
101	All homes completed in and near all major settlements, as defined in the County Durham Plan, as a proportion of total completions	43.10	Apr - Jun 2013	45.40	RED	54.08	RED			
102	Proportion of properties within the county that are	14.83	Apr - Jun	14.80	GREEN	14.71	GREEN			

Page 62	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
	within council tax band D and above as provided by the District Valuation Office		2013							
103	Total number of planning applications received against all categories	798	Apr - Jun 2013	712	GREEN	874	RED			
104	Total number of major planning applications received	39	Apr - Jun 2013	35	GREEN	32	GREEN			
105	Number of apprenticeships started by young people resident in County Durham as recorded by the National Apprenticeship Service	1,659	2011/12 ac yr	1,951	RED	1,951	RED			
106	Proportion of the working age population defined as in employment	65.8	As at Mar 2013	65.1	GREEN	66.6	RED	71.1 RED	66.5* RED	Apr 2012 - Mar 2013
107	Number of Jobseeker's Allowance (JSA) claimants aged 18-24	4,435	As at Jun 2013	4,955	GREEN	5,165	GREEN			
108	Proportion of all Jobseeker's Allowance (JSA) claimants that have claimed for one year or more	34.54	As at Jun 2013	32.33	RED	25.24	RED	29.75 RED	35.1* GREEN	as at June 2013
109	Percentage of children in poverty (quarterly proxy measure) (Also in Altogether Better for Children and Young People)	24.7	As at Feb 2013	24.6	RED	24.7	AMBER	19.8 RED	25.7* GREEN	As at Feb 2013
110	Percentage of children in poverty (national annual measure)	23.0	2010	23.5	GREEN	23.5	GREEN	21.1	24.8*	2010

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
	(Also in Altogether Better for Children and Young People)							RED	GREEN	
111	Proportion of the working age population currently not in work who want a job	16.40	As at Mar 2013	16.45	GREEN	15.43	RED	11.63	14.42*	Apr 2012 - Mar 2013
112	Proportion of the working age population who are qualified to NVQ Level 3 or equivalent	47.4	2012	46.5	GREEN	46.5	GREEN	56.9	50.9*	2012
113	Number of net homes completed	290	Apr - Jun 2013	354	RED	159	GREEN			
114	Total number of those registered on the Durham Key Options system who have been rehoused (includes existing tenants and new tenants)	1,088	Apr - Jun 2013	1,024	GREEN	959	GREEN			
115	Number of preventions as a proportion of the total number of housing solutions presentations	20.93	As at Jun 2013	19.53	GREEN	15.60	GREEN			
116	Number of statutory homeless applications as a proportion of the total number of housing solutions presentations	14.35	As at Jun 2013	14.03	RED	16.70	GREEN			
117	Number of homeless acceptances (of a statutory duty) as a proportion of the total number of housing solutions presentations	3.36	Apr - Jun 2013	3.69	GREEN	6.30	GREEN			
118	Total number of housing	1,519	Apr -	1,761	GREEN	1,382	RED			

Page 64	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
	solutions presentations		Jun 2013							
119	Number of passenger journeys made by concessionary bus pass holders	2,350,000	Apr - Jun 2013	3,052,279	RED	2,368,913	RED			
120	Number of passenger journeys made on the Link2 service	8,183	Apr - Jun 13	7,773	GREEN	7,577	GREEN			
121	Number of trips made using council funded community transport	18,474	Apr - Jun 2013	24,515	Not comparable [3]	New indicator	NA			
122	Number of local passenger journeys on the bus network	5,884,111	Apr - Jun 2013	5,923,981	RED	5,848,648	GREEN			
123	Number of visitors to the main attractions in County Durham	1,326,220	Apr - Jun 2013	910,209	Not comparable [2]	1,265,775	GREEN			
124	Number of tourism businesses actively engaged with Visit County Durham	644	Dec 2012 - Mar 2013	555	Not comparable [4]	358	GREEN			
125	Businesses engaged with/assisted (all sectors)	296	Apr - Jun 2013	104	GREEN	99	GREEN			
126	Number of new business start-ups as a result of receiving business assistance	6	As at Mar 2013	3	Not comparable [4]	New indicator	NA			

[2] [Due to seasonal opening times data is not comparable with the previous quarter](#)

[3] [Due to changes to the indicator previous year's data is not comparable](#)

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

Appendix 4: Volume measures

Chart 1 – Planning applications

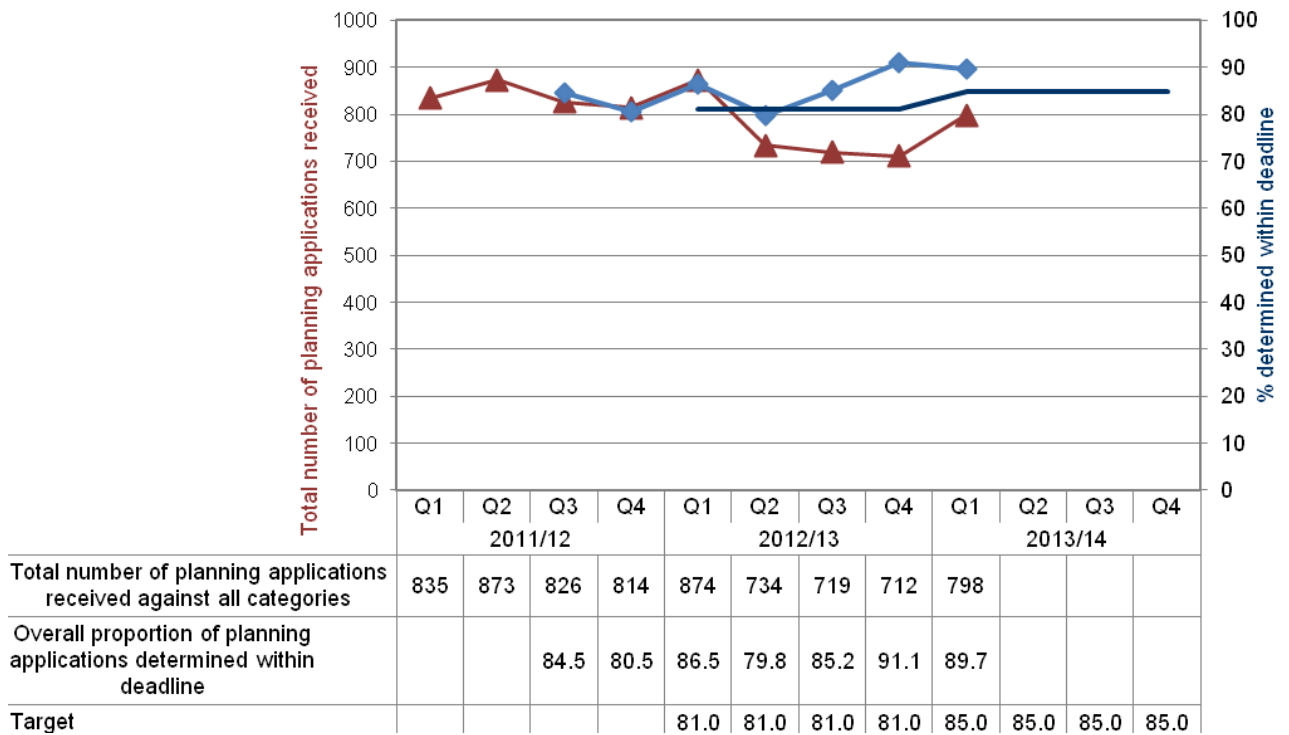


Chart 2 – Durham Key Options - total number of those registered on the Durham Key Options system who have been rehoused (includes existing tenants and new tenants)

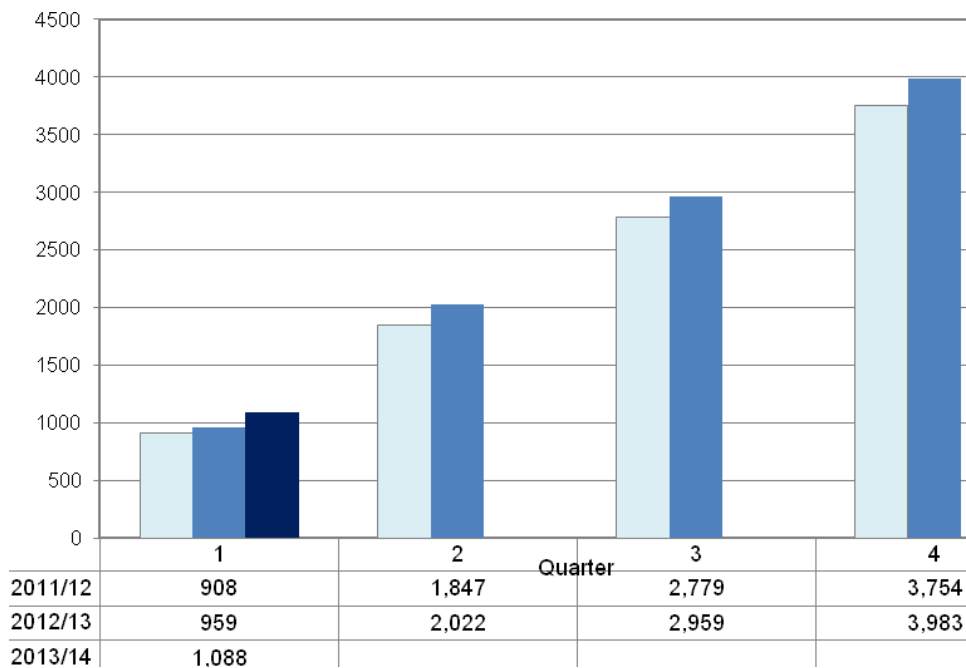
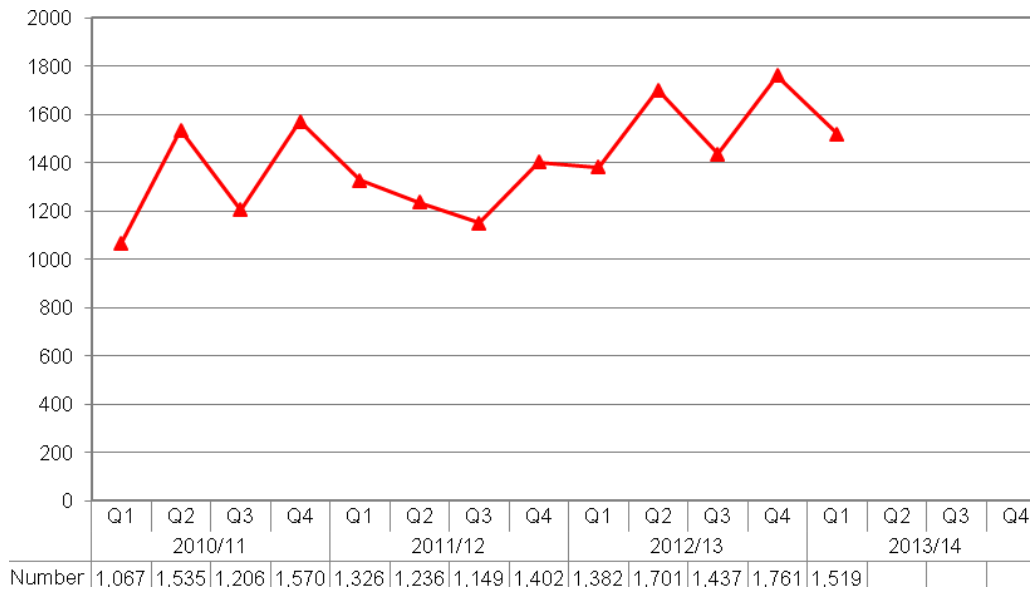


Chart 3 – Housing Solutions presentations



**Economy and Enterprise
Overview and Scrutiny
Committee**



24 September 2013

**Update: Empty Homes Scrutiny
Review**

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

Purpose of the Report

- 1 This report provides with an update on the progress made in relation to the recommendations contained within the 'Empty Homes' Scrutiny review report published in March 2013.

Background

- 2 The Economy and Enterprise Overview and Scrutiny Committee commenced the 'Empty Homes' Scrutiny review in February 2012 as a result of Members identifying within the quarterly performance reports, as an area of below target performance, the number of empty properties brought back into use as a result of local authority intervention.
- 3 In addition, it was considered timely that such a review be undertaken, in light of the difficulties faced by people in getting onto the property ladder, the financial implications to the local economy of having houses standing empty and the potential impact of the Government's Welfare Reform programme.
- 4 The 'Empty Homes' Scrutiny review report was considered by Cabinet at the meeting on the 13 March, 2013. At that meeting Cabinet agreed the recommendations contained within the review report which included a recommendation for a six monthly update on progress against recommendations contained in the report. It is therefore considered timely for an update to be given to members at the September meeting of the committee.

Terms of Reference of Review

- 5 During the review evidence was gathered in relation to the following areas:
 - Government Policy on this issue including the potential for penalising poor performing Local Authorities in dealing with Empty Homes.

- To consider DCC Policy specifically in respect of Empty Homes and private Sector Housing renewal aimed at bringing empty homes back into use including the links between the County Durham Plan, the Council's Housing Strategy, settlement based Area Regeneration Masterplans and associated housing policies.
- To examine the number of empty properties within County Durham including:
 - The Council's 8 key regeneration areas;
 - Major Settlements;
 - Tenure – Private Sector Housing Stock.
- To examine the range of options available to DCC to tackle this issue including:
 - Private Sector Housing Renewal schemes;
 - CPO/Clearance Areas;
 - Empty Dwelling management orders/Enforcement Powers;
 - New Homes Bonus.
- To ascertain the progress made by the Council against the above initiatives including recent establishment of the new area based approach to Housing renewals and improvement covering both empty properties and private landlords which came into effect in July 2011.

Recommendations of Review

6 The Scrutiny review report made recommendations in respect of:-

- How the Council can address the demands of the Government to tackle Empty Homes including the use of the various funding streams available to the Council;
- The effectiveness of the Council's Private Sector Housing Strategy in relation to empty homes;
- The use of the various options available to the Council to tackle empty homes with regard to ensuring value for money;
- How the Council can learn from other Councils who are seen as exemplar authorities in tackling empty homes and the initiatives that they use to be successful.

Current position

7 The attached Action Plan (Appendix 2) provides information on the progress made in relation to the recommendations contained in the Scrutiny review report.

Next steps

- 8 The Economy and Enterprise Overview and Scrutiny Committee as part of the systematic review process will receive a further update of progress made in relation to the recommendations contained in the review report at a future meeting in April, 2014.

Recommendations

- 9 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to consider and comment upon the progress made in relation to the recommendations contained in the Scrutiny review report.
- 10 That the Economy and Enterprise Overview and Scrutiny Committee at the meeting on the 7 April, 2014 receive a further report detailing progress made against the recommendations contained in the Scrutiny review report.

Background Papers

- Empty Homes Overview and Scrutiny Review report – March 2013.
- Cabinet report – Cover report – Economy and Enterprise Overview and Scrutiny Committee – Review of Empty Homes – 13 March 2013.

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Appendix 1: Implications

Finance – the Review report identifies financial implications associated with the approval of Empty Homes Cluster Bids which have been drawn up for consideration as part of the MTFP3 2013-2017. The report also details the financial implications of the Local Council Tax support scheme and associated proposals relating to the removal of Council Tax discounts for empty properties.

Staffing – The Review report identifies the staffing changes that have been undertaken within the Housing Regeneration and Renewals Team as part of the RED Restructure. It also invites Cabinet to undertake a feasibility study adopting an “Invest to save“ initiative to increase the complement of Empty Homes officers utilising potential New Homes Bonus resources generated through improved Council performance in bringing empty homes back in to use;

Risk - None

Equality and Diversity –An Equality Impact Assessment may be required to be undertaken by service carrying out the implementation of recommendations and the Committee will review this as part of the monitoring of recommendations within its work programme for 2013/14.

Accommodation - None

Crime and Disorder - Bringing empty homes back into use will contribute to the reduction of Anti-social behaviour and environmental blight associated with long term empty homes.

Human Rights - None

Consultation – The Working Group have engaged with local residents in the priority regeneration areas of Wembley, Easington Colliery, West Chilton and Craghead as part of the site visits undertaken during the course of the Review.

Procurement - None

Disability Discrimination Act – None

Legal Implications – The key legislative tools available to the Council in tackling empty homes are detailed within the Review report.

OVERVIEW AND SCRUTINY WORKING GROUP REPORT – EMPTY HOMES
 REVIEW OF RECOMMENDATIONS CONSIDERED BY CABINET ON 13 MARCH 2013

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p>1) Cabinet agree that an assessment/evaluation be undertaken by the Regeneration and Economic Development service grouping of the effectiveness of the existing housing renewal and regeneration policies within the Council's 8 priority housing regeneration areas to ascertain whether they have delivered the expected reduction in vacancy rates within the housing stock; and to ensure that this area of work is aligned to future regeneration priorities so that the Council is able to target scarce resources on areas where we have the greatest chances of bringing empty homes back into use and thereby making a difference.</p>	<p>General reviews of our renewal areas have been completed/will be completed as follows:</p> <p>Dawdon – 2012 Craghead – December 2013 Ferryhill Station – December 2013 Esh Winning – December 2013 Wheatley Hill – December 2013 Easington Colliery – December 2014 Dean Bank, Ferryhill – December 2014 Chilton – June 2015</p> <p>Our resources (alongside those of the HCA's) are now being targeted at the empty homes "cluster areas" – the places where we have the worst concentrations of empty homes which are:</p> <p>North Durham – Craghead and South Moor South Durham – Coundon & Dene Valley (including Coundon Grange, Close House, Auckland Park & Eldon Lane); Dean Bank and Chilton East Durham – Easington Colliery</p> <p>A delivery plan for each of these areas is being drawn up which will bring together other housing investment and community based regeneration initiatives</p> <p>We are in the process of completing a review of the licensing area of Wembley, Easington Colliery which will be presented to Cabinet in November 2013. This will help us to understand whether licensing has helped reduce the numbers of empty homes.</p>	<p>Housing Regeneration</p> <p>Housing Regeneration</p> <p>Housing Regeneration</p> <p>Housing Regeneration</p>	<p>Dec 2013 to June 2015</p> <p>March 2015</p> <p>Nov 2013</p> <p>Dec 2013</p>

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p>2) Cabinet agree that the development of projects/ bids as part of the Affordable Homes programme and associated Empty Homes 'Cluster Bid' scheme be supported and that the Council continues to work with housing partners in the RSL and Private sector to deliver projects that will increase the number of empty homes brought back into use.</p>	<p>The funds for the HCA cluster programme have been secured but having market tested the appetite for leasing; we found that social landlords were not prepared to participate in this initiative.</p> <p>Therefore a new approach has had to be adopted which will involve closer working with private landlords and owner occupiers. The Council intends to widen the availability of loans and grants for those priority areas (the HCA cluster areas) through the provision of an interest free loan (non means tested) and/or small scale grants (upto £5,000) to incentivise the bringing back into use of empty homes. The Council's Financial Assistance Policy is being revised to reflect these changes.</p> <p>RSLs in the priority areas have been asked to work up a homesteading scheme to allow long term empty homes in their ownership be sold at less than market value for the benefit of low income purchasers/first time buyers. The first stage of this project should be ready to proceed by December 2013</p>	<p>Housing Regeneration</p>	<p>Oct 2013</p>
<p>3) Cabinet agree that those Empty Homes Cluster bids identified within the report be supported and approve any associated requests for Capital resources as 'matched funding' that is required as a condition of Homes and Communities Agency funding to implement these schemes.</p>	<p>This has been achieved – revisions to the Council's Financial Assistance Policy are being made so that funds from the HCA's cluster programme can be spent.</p>	<p>Housing Regeneration</p>	<p>March 2015</p>

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p>4) Cabinet support the development of new business models aimed at bringing empty homes back into use, particularly those identified within the ARC4 Consultant's report regarding 'purchase to lease' and 'homesteading' schemes.</p>	<p>The homesteading scheme is being progressed in our priority cluster areas. The three housing associations who have empty stock in the areas (Ivin; Three Rivers and Accent) have lent their support in principle to this initiative. The two ALMOs (East Durham Homes and Dale and Valley Homes) will also participate.</p> <p>The purchase to lease model has been progressed as part of the HCA's empty homes programme – especially through Derwentside Homes and Five Lamps. The leaseback arrangement requires a private landlord to allow a long lease to be agreed with a provider (normally a housing association) in return for their home being improved and let at an affordable rent. The model works with subsidy but has not been tested without grant.</p>	<p>Housing Regeneration</p>	<p>Start Dec 2013</p>
<p>5) Cabinet agree that the proposed Local Council Tax Support Scheme (LCTSS) be supported and cabinet consider the ring-fencing of surplus resources generated by the removal of Council Tax discounts for empty homes and the introduction of the empty homes premium (over and above that required to ensure that the LCTSS is cost-neutral to the MTFP) for empty homes projects.</p>	<p>The new Council tax regime has been implemented. No surpluses from council tax collection have been identified as it has all been used to cross subsidise the LCTSS.</p>	<p>Housing Regeneration/Revenues and Benefits</p>	<p>tba</p>

Review Recommendation	Progress Report of Action taken to implement recommendation	Resib'ty	Timescale
<p>6) Cabinet agree that a root and branch review of the existing products, advice, funding streams and associated policies relating to empty homes and housing regeneration/renewal be undertaken to examine any potential to relax conditions that are placed upon development partners which may adversely impact on their ability to secure investment funds/capital from financial institutions.</p>	<p>A new Action Plan dedicated to empty homes has been developed that will offer wider opportunities to address empty homes. The draft version of this Action Plan is attached.</p>		
<p>7) Cabinet agree that in accepting the reduced performance targets for 2012/13 from 70 to 50 empty homes brought back into use, further work be undertaken by the RED Service Grouping Housing Regeneration and renewals team to implement a systematic approach to performance management which will enable the development of robust benchmarking regarding empty homes and SMART targets.</p>	<p>Our performance is monitored quarterly. So far 31 properties have been brought back into use in this financial year (to 30th June 2013).</p>	<p>Housing Regeneration</p>	<p>ongoing</p>
<p>8) Cabinet agree that a feasibility study be undertaken by the RED Service Grouping to examine a potential 'invest to save' initiative to increase the complement of Empty Homes officers utilising potential New Homes Bonus resources generated through improved Council performance in bringing empty homes back in to use.</p>	<p>This has not progressed. The introduction of further restrictions on a local authority's discretion to spend the New Homes Bonus (which following the Spending Review in June now has to cross subsidise LEP growth funding) makes this initiative much more difficult to deliver. It should be noted that the Council have commissioned 'Capacity Grid' to check on the occupancy status of all long term voids in the county so that our New Homes Bonus can be maximised when we submit returns later in the year.</p>	<p>Housing Regeneration</p>	<p>ongoing</p>

Bringing Empty Homes Back into Use in County Durham

Strategy Statement

1. Background and Context

1.1 Background

An empty home is classed as any residential property that is unoccupied and unfurnished. Over time these houses can start to cause concern not only for the owner of the house but also for the surrounding community. The Council may need to intervene particularly if a property is left unoccupied for 6 months or more.

The reasons why a house remains empty are numerous. In broad terms it is likely to be down to market forces making a property difficult to sell or let; or it could be individual circumstances ranging from an owner's ill health to apathy or neglect.

This strategy statement is intended to provide an overview of the actions being taken in the private sector to address the problem of empty homes and identify any future improvements to the service.

1.2 Rationale for action

Bringing empty homes back into use can bring the following benefits:

For the Owner:

- Increased income and/or return on investment
- Eliminates liability for Council Tax
- Security against vandals and anti-social behaviour
- Reduces insurance costs

For the Community:

- Helps to address decline in an area
- Enhances visual amenity of the area
- Delivers additional affordable homes
- Increases confidence in an area

For the Local Authority:

- It can assist in meeting housing need and so reduce numbers on the housing register

- It can improve housing conditions
- It can regenerate blighted areas
- It can improve the efficiency of Council Tax collection and produce savings on temporary accommodation expenditure
- It can assist in managing urban areas including reduced calls to the Police, Fire Brigade and the Council
- It can produce better relations between local authorities and the private sector.

1.3 Position in County Durham

- 1.3.1 This section has been informed by research commissioned by the Council through arc4 that studied the issues associated with empty homes (particularly in relation to 3 renewal areas).
- 1.3.2 Table 1 details the location and number of empty homes in County Durham. There are a total of 10,110 empty homes across the County which represents 4.1% of total dwelling stock. This is higher than both the national average (2.9%) and the regional average (3.6%). However, the overall void rate masks some spatial differences as it ranges from between 2.5% (Newton Aycliffe) and 5.8% (Weardale).
- 1.3.3 Within County Durham, the highest proportion of empty properties is in Weardale (5.8%), Bishop Auckland (5.6%) and Spennymoor (5.1%) sub-areas. The lowest levels are in Newton Aycliffe (2.5%) and Durham City (2.8%).
- 1.3.4 It should be noted that the use of percentages; whilst demonstrating the relative incidence of empty homes; fails to identify where the greatest concentrations are (see below).
- 1.3.5 Over the past 10 years, the proportion of vacant dwellings across County Durham has fallen from 5.1% of dwelling stock in 2001 to 4.1% in 2012. This percentage still represents a serious issue that requires intervention and there is no indication at the present time that this slight long term downward trend will continue.

SHMA Housing Market area	Total Dwellings	Total Occupied Dwellings	Unoccupied Dwellings			% Empty	Empty rate per 1000 dwellings
			Total	Second Homes	Empty Homes		
Barnard Castle	4624	4317	307	89	218	4.4	44.2
Bishop Auckland	22694	21155	1539	176	1363	5.6	56.2
Central	23981	22894	1087	181	906	3.6	36.1
Chester-le-Street	22475	21521	954	207	747	3.2	31.9
Consett	21315	20245	1070	139	931	4.2	41.6
Crook and Willington	11439	10775	664	82	582	4.8	48.1
Durham City	18225	17285	940	400	540	2.8	28.2
Easington and Peterlee	22380	21345	1035	147	888	3.8	37.9
Newton Aycliffe	11929	11576	353	43	310	2.5	25.2
Seaham	19362	18441	921	130	791	3.9	39.0
Sedgefield	7133	6809	324	33	291	3.9	39.0
Spennymoor	17649	16580	1069	116	953	5.1	50.9
Stanley	15463	14693	770	94	676	4.2	41.6
Upper Teesdale	1925	1774	151	69	82	3.9	39.5
Weardale	61410	5534	606	213	393	5.8	58.3
Wingate	8626	8137	489	50	439	4.8	48.2
County Durham Total	235,360	223,081	12,279	2,169	10,110	4.1	40.8
North East (2011)	1,180,260				42,246	3.6	35.8
England (2011)	22,971,520				662,105	2.9	28.8

Table 1: Dwelling stock and empty properties in County Durham

Source: 2012 SHMA, 2011 Housing Strategy Statistical Appendix

1.3.6 There are significant concentrations of empty homes in certain parts of the County and these are outlined in Map 1 below. . These clusters of empty homes skew the overall county percentage.

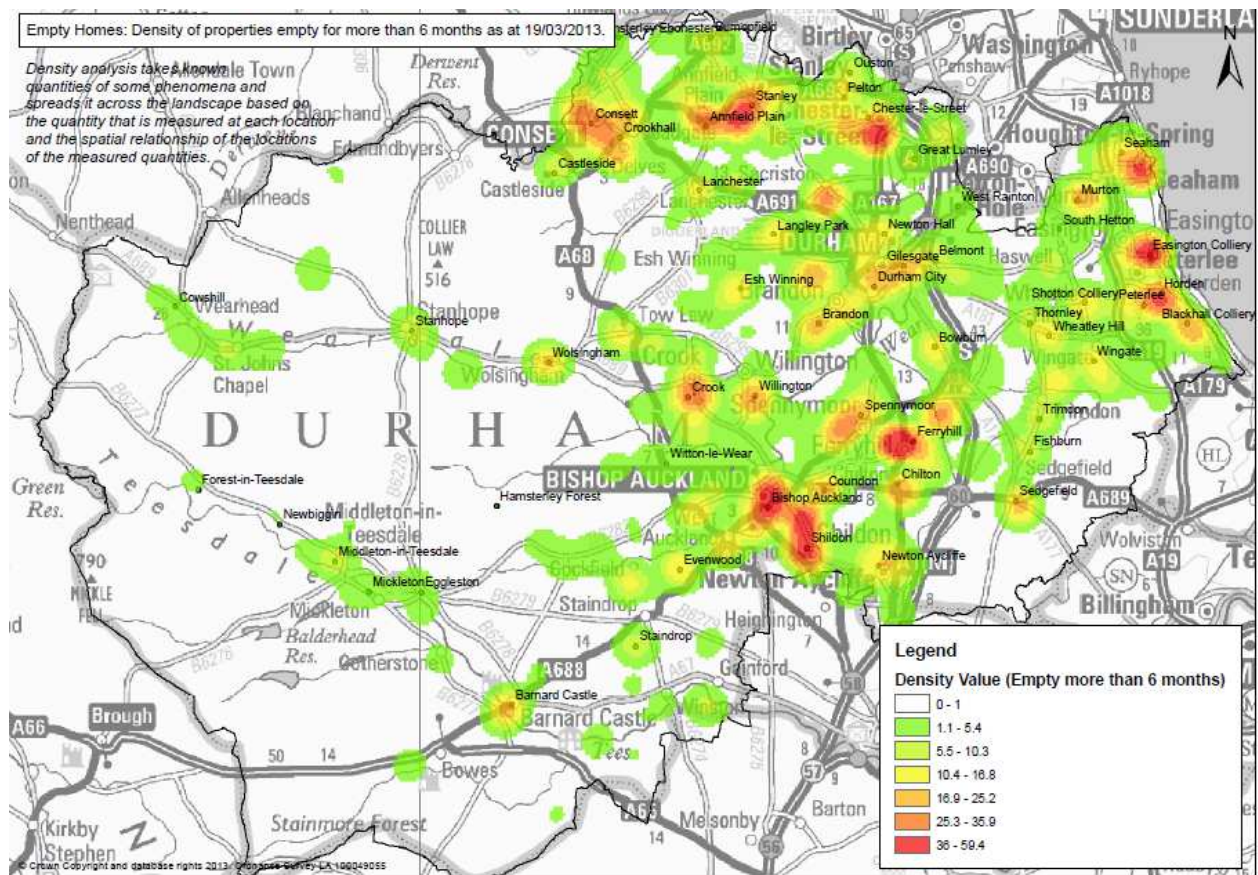
1.3.7 The social sector is included in this overall level of voids. It sometimes encounters similar levels of low demand amongst their stock as in the private sector as a whole but generally percentage levels of empty properties are lower.

1.3.8 It is accepted in the private sector that there is a necessary level of voids that facilitates market turnover – often referred to as the transactional void rate. This sometimes is categorised as voids that have been empty for 6 months or less but wider definitions have been used. The arc4 research proposed that the acceptable void level is anything less than 3% and this has produced the following table (Table 2) identifying ‘surplus’ voids of around 1.14% or 3,317 properties.

Area	Total Stock	Total Vacant	% Vacant Total	% stock surplus vacants ¹	Number surplus vacants	%less than 6 months
Barnard Castle	6784	293	4.32	1.43	97	1.6
Bishop Auckland	22644	1242	5.48	2.54	576	2.1
Central	29927	1199	4.01	1.18	352	1.6
Chester-le-Street	22471	727	3.24	0.82	184	1.4
Consett	20438	841	4.11	1.20	244	1.6
Crook and Willington	11438	545	4.76	1.86	212	2.0
Durham City	18230	573	3.14	0.54	98	1.3
Easington and Peterlee	21284	793	3.73	1.13	240	1.5
Newton Aycliffe	11922	287	2.41	0.17	21	1.3
Seaham	15952	581	3.64	1.09	173	1.6
Sedgefield	7129	270	3.79	1.14	81	1.4
Spennymoor	17666	918	5.20	2.38	420	2.1
Stanley	15433	677	4.39	1.53	235	1.8
Upper Teesdale	1912	112	5.86	2.86	55	1.3
Weardale	6127	405	6.61	3.61	221	1.6
Wingate	5764	280	4.86	1.87	108	2.0
TOTAL	235121	9743	4.14%	1.14%	3317	1.6%

. **Table 2:** Surplus vacant properties

¹ over 3% voids



Map 1 Overall distribution of empty homes in Durham

1.4 Government Policy

The Government, in conjunction with the Homes and Communities Agency (HCA), is encouraging local authorities to take a proactive approach to bringing empty homes back into use as part of its 2011 National Housing Strategy, 'Laying the Foundations'. The Government's ambition is to "increase the number of empty homes brought back into use as a sustainable way of increasing the overall supply of housing and to reduce blight on neighbourhoods".

Durham has benefitted from this increased emphasis on empty homes as follows:

Name of scheme/provider	Value of Investment	Number of properties
Rnd 1 livin (Purchase and repair)	£630,000	35
Rnd 1 Derwentside Homes Purchase/lease and repair)	£136,000	8
Rnd 1 Durham Action on Single Housing (Purchase and repair)	£270,000	8
Rnd 1 Five Lamps (Lease and repair)	£680,400	40
Cluster bid DCC (Purchase and repair)		120
Rnd 2 livin (Purchase and repair)	£360,000	20
Rnd 2 TCUK (Cyrenians)	£310,000	5
Rnd 2 DISC	£235,000	10

Table 3 List of HCA funding schemes to bring empty homes back into use 2013-16

1.5 Current Approach of Durham County Council

Durham County Council has a team of officers within the Housing Regeneration team with the remit of tackling empty homes. This team prioritises action on empty homes within the eight regeneration areas (see Appendix 1) but also operates a safety net for the rest of the county.

There are 6 Private Landlord & Empty Homes Officer posts. The post is a combined role which deals with landlord initiative issues and also bringing empty homes back into use. Out of the total of 6 officers - 2 officers are based in a locality team in the North of the county at the Stanley office, 2 officers are based in a locality team in the East of the county at the Seaham office and 2 officers are based in a locality team in the South of the county at the Spennymoor Office.

The Private Sector Housing Strategy identified empty homes as one of the Council's five key priorities for intervention in the private sector and aimed to see a reduction of empty homes below the 4% level through the implementation a number of new and existing initiatives such as private sector leasing; Empty Dwelling Management Orders; a tenant referencing service and the provision of more loans to assist with repairs and improvement (see options in section 3 below).

The private sector housing team takes a proactive and informal approach to influencing and encouraging owners to bring empty homes back into use including:

- Face to face meeting with owners to assess needs and develop a set of actions designed to bring the property back into use;
- Advice on becoming a responsible private landlord where sale is not an option;
- A tenant referencing service for new and existing landlords in identified housing regeneration areas;
- Advice on loans to complete essential repairs through the council's financial assistance policy;
- Free advice and support regarding disrepair and refurbishment needs including drafting schedules of work if appropriate.

Once informal approaches have been exhausted, the team will then seek to develop an enforcement approach as detailed in the joint protocol with the council's Environment Protection Team. The enforcement element of the Council's work has not yet become a significant feature of empty homes work (see below).

Performance on bringing empty homes back into use is as follows:

Year	Number of Empty Homes brought back into use
2010/11	67
2011/12	43
2012/13	54
2013/14 (target)	75

The Council's Overview and Scrutiny Committee (OSC) have been reviewing the performance of the empty homes work and their recommendations are incorporated into this statement.

1.6 The Housing Market

Empty homes are often a reflection of low demand. The housing market in County Durham reveals a mixed picture with a number of unpopular areas suffering from poor market conditions.

Whilst some empty homes are relatively easy to bring back into use; there are empty homes in other areas which fail to let or be sold even if they are in a good state of repair and are well managed.

The Council needs to consider whether there are areas it would be unwise to invest time and resources because of the risk of poor returns. The research from arc4 recommends that areas where risks are highest should be avoided unless there are holistic approaches to social and economic as well as physical regeneration in place.

Paradoxically our main efforts to bring empty homes back into use have been focussed on renewal areas where the market is at its weakest. This has often required Council officers to put in considerable efforts for little return. In effect Council resources have been pitched against the market rather than working with the market.

Unless the Council can offer a coordinated approach to repositioning local housing markets through comprehensive interventions across the full range of services then resources for empty homes should be targeted at those areas where there are not potentially unsustainable.

2. Aims and Objectives

2.1 Aim

The County is committed to reducing the number of long term empty homes in the private sector. This Empty Homes Strategy Statement sets out how the Council

- assists the housing market to make the most of its housing stock; ensuring empty homes are occupied by a wide range of household types
- identifies empty homes and their owners and pursues options to bring them back into use.
- reduces neighbourhood blight and nuisance

2.2 Objectives

It is the Council's intention to:

- (a) To facilitate access to good quality advice and assistance for owners of empty homes
- (b) To make use of a wide range of tools and policy mechanisms to encourage landlords (through incentives and enforcement) to bring empty homes back into use.
- (c) To take advantage of all funding opportunities that may assist in bringing long term homes into use.
- (d) To make use of partnership working with both internal and external agencies and departments (including Environmental Health and Housing Solutions)
- (e) To develop comprehensive market intelligence on the prevalence of empty homes in the county.
- (f) To respond effectively to community concerns and promote the empty homes service to members of the public and other stakeholders.
- (g) .

3. How we are addressing our Empty Homes objectives

(a) Access to good quality advice and assistance

The delivery of reliable countywide advice and assistance on empty homes is an essential pre-requisite to bringing them back into use. This can be achieved through:

- (i) Officers available to collaborate and work with owners and the public in bringing empty homes back into use and making them safe in the intervening period.
- (ii) A dedicated phone line and email address to assist owners.
- (iii) A webpage devoted to the provision of good quality relevant information to assist owners and others.

- (i) Officers available to collaborate and work with owners and the public in bringing empty homes back into use and making them safe in the intervening period.

The Council employs dedicated Empty Homes/Private Landlord officers who provide a point of contact for the public to report issues relating to empty homes. If there is a risk that the property poses a danger to the public or is a target for criminal behaviour then the property will be reported as a risk to the appropriate authority or council department. Steps will be taken to secure the property whilst seeking contact with the owner. Generally officers will offer advice and encouragement to help an owner sell or rent the property and identify possible funding opportunities.

They can also seek to match owners with prospective purchasers. Their work, however, is focussed on renewal areas and does not prioritise anything other than the most urgent empty homes cases outside these areas (the safety net system)

(ii) A dedicated phone line and email address to assist owners

The Council has a private sector helpline that can signpost owners of empty properties to specific sources of advice and assistance (03000 262 140).

It receives around xx calls per month of which around xx% are connected to empty homes.

There is a dedicated email address (privatesectorhousing@durham.gov.uk) which receives around xx emails per month of which xx% are enquiries about empty homes

The advice line needs a higher profile so that owners are aware of the facility and usage is increased.

The email address could be amended to be specific to empty homes (eg emptyhomes@durham.gov.uk)

(iii) A webpage devoted to the provision of good quality relevant information to assist owners and others

There is a specific page on the Council's website devoted to empty homes but although it lists the powers the Council has; advice is limited. The page requires reviewing and developing and this project is underway.

(b) A wide range of tools and policy mechanisms

This can be achieved through:

- (i) The development of new Financial Assistance Products especially loans
- (ii) Assisting first time buyers to purchase empty homes
- (iii) Community self-help initiatives
- (iv) Local Council Tax arrangements (withdrawal of discounts)
- (v) Effective enforcement measures

(i) The Development of Financial Assistance Products especially loans

Durham's Financial Assistance Policy offers the following loan products for helping landlords bring empty homes back into use:

- A capital and interest repayment loan
- An equity loan
- An interest free loan

Interest in these products is low – there has been just one loan completed for an empty homes so far – it is believed that landlords are put off by the prospect of a financial means test.

Research by arc4 recommends that a different type of loan product is made available to private landlords. They do not have the same needs as vulnerable households nor should they be subject to the same conditions. Any interest free loan should be made available for repayment over fixed periods and for this product alone, the requirement for a means test should be removed.

(ii) Assist first time buyers to purchase empty homes

Long term empty homes are often regarded as suitable for 'buy to let' investment and are often seen as too challenging for owner occupiers because of the levels of improvement and repair work required. The areas where empty homes predominate are often places where the privately rented stock is increasing and the Council recognises the need to rebalance the tenure mix through encouraging first time buyers (and other prospective owner occupiers) to purchase and provide additional 'stability' to a community. The financial assistance policy has not provided loan assistance for such purchasers to date and more needs to be done to encourage new owner occupiers to invest in these homes.

(iii) Community self-help initiatives

Addressing empty homes can sometimes be more effectively carried out by local community groups. An example of this would be the Craghead Development Trust (based near Stanley) who have established a community based social enterprise and amongst their activities have embarked on a programme of bringing empty homes back into use.

(iv) Local Council Tax arrangements (withdrawal of discounts and introduction of empty homes premium)

New rules on council tax collection after April 2013 provide additional financial incentives to bring empty properties back into use. Empty homes are no longer exempt or partially exempt from council tax and furthermore after 24 months they attract council tax at the rate of 150%. This is likely to encourage landlords to rent or sell their properties. The increases are intended to fund the extra costs of the LCTSS (Local Council Tax Support Scheme) but the OSC review suggest investigation into use of any surplus funds generated by this initiative.

(v) Utilising Enforcement Measures

The Council has at its disposal a number of enforcement measures although some have rarely been used. These include:

- **Compulsory Purchase (CPO)** – these can be made by the Council under the Housing Act 1985 and the Town and Country Planning Act 1990 – they are normally considered on their merits as a last resort where the owner has refused to cooperate or communicate. This course of action can only be considered if there is a plan in place for the property's swift disposal after CPO.

- **Enforced sale** – under the Law of Property Act 1925, the authority has the right to sell an empty home where a charge on the property has not been redeemed (usually connected with unpaid Council tax). It can also be used with Works in Default where notices have been served on owners. If these notices are ignored then the Council has the right to carry out the work in default of the notice served. If this goes unpaid the Council has the right to place a charge on the property and subsequently enforce sale to clear the debt. Enforced sale can be a cheaper and quicker alternative to CPO
- **Empty Dwelling Management Order (EDMO)** The Housing Act 2004 allows the LA to take out an EDMO to make sure that an empty property is occupied. The LA can make EDMOs on properties that have been empty for at least two years. There are two types of EDMO – interim and final. An interim EDMO lasts 12 months but a final EDMO can last up to seven, 14 or 21 years. An EDMO allows the LA to:
 - take over from the landlord and manage the empty property and
 - make sure that empty properties are occupied and managed properly.
 To date no EDMOs have been progressed by the Council. Adequate arrangements need to be in place to ensure good management is in place once the EDMO is granted.
- **Planning legislation** The Council has planning powers (under s215 of the Planning Act) to require an owner to undertake external work to tidy up the appearance of a property where this is unsightly – and this can include empty properties. This form of action cannot require an owner to bring a property back into use but can ensure the property is not damaging the amenity of an area (and can also encourage the owner to sell that property and bring it back into use)

(c) Take advantage of all funding opportunities

This can be achieved through:

- (i) Accessing funding from the Homes and Communities Agency (HCA)
- (ii) Utilising DCC funding from the Medium Term Financial Plan and other sources
- (iii) Accessing other public funding opportunities

(i) Accessing funding from the Homes and Communities Agency (HCA)

<p>The Council has been successful in drawing down funds for the HCA in conjunction with its partner Registered Providers and other community organisations. The allocations to June 2013 are listed in Table 3. We anticipate this funding programme to continue (subject to the 2013 CSR and HCA programmes post March 2015).</p>

<p>There are currently 167 houses in the empty homes programme with an additional 120 units should the HCA 'cluster programme' take off. All homes require bringing back into use by March 2015 according to HCA grant conditions.</p>
--

(ii) Utilising DCC funding from the Medium Term Financial Plan and other sources

Funding by the local authority is limited and there will be few opportunities to commit additional resources at this time of financial constraint. Nevertheless, the Council has awarded £1.2million from its own Medium Term Financial Plan as match funding for the HCA cluster programme. This however is its only contribution to resourcing empty homes work (other than staffing).

The continued allocation of funds by central government through the New Homes Bonus (NHB) offers an opportunity to recycle funds to bring more empty homes back into use. It is an unringfenced pot of money and is inextricably linked to the Council's annual financial settlement and so is not readily available for specific purposes. It has been assessed that the County has lost around £1.69m in net funding since NHB introduction. Nevertheless additional resources devoted to empty homes may create a 'virtuous circle' of funding that could enhance net receipts (or at least reduce overall net losses). There could also be opportunities within the current planning system to divert s106 contributions to the empty homes programme (rather than building new affordable homes either on or off-site).

(iii) Accessing other public funding opportunities

The Council continues to identify new public sector funding opportunities and has recently been included in the National Empty Homes Loans Fund pilot that will offer landlords access to low interest loans in return for lettings at an affordable rent.

(d) Partnership working

This can be achieved through:

- (i) Working with private owners and public sector landlords in renewal areas (including selective licensing areas) and elsewhere
- (ii) Working with specialist RPs and other community based organisations to help deliver affordable housing for specific client groups
- (iii) Develop new links between housing solutions and the empty homes service

(i) Working with private owners and public sector landlords in renewal areas (including selective licensing areas) and elsewhere

The Council has developed good working relationships with private landlords in its selective licensing areas and this has helped bring empty homes back into use. As the renewal areas are completed the partnership work with private landlords needs to be extended and developed to other priority areas.

The work includes the advertising of a limited number of homes (that comply with decent homes standards and have EPC's and gas certificates) on the Durham Key Options website.

(ii) Working with specialist RPs and other community based organisations to help deliver affordable housing for specific client groups

There is scope to work with registered providers; especially those who are dedicated to meeting the needs of vulnerable households; to facilitate refurbishment work that can combine apprenticeships and training with meeting housing needs. As the pressure continues on the social rented stock the private sector and its stock is being increasingly relied upon to offer alternative accommodation. Where this can be provided through RPs either as landlords or through leasing arrangements then professional management can be offered at rents that are sub market (and therefore more affordable).

(iii) Develop new links between housing solutions and the empty homes service

(e) Comprehensive market intelligence

This can be achieved through:

(i) Utilising Council Tax records to record levels and locations of empty homes

(i) Utilise Council Tax records to record levels and locations of empty homes

The Council currently uses its records to identify empty homes (powers as defined by s85 of the 2003 Local Government Act). The data can be used by the billing authority only for public functions in the public interest.

(f) Promote the empty homes service

This can be achieved through:

(i) Promoting the service via the DCC website

(ii) Identifying other marketing opportunities

(i) Promote the service via the DCC website

The Council recognises the importance of highlighting its empty homes service on its website but needs to adopt a more proactive stance to allow the Council's powers and functions to be properly promoted as part of a service

(ii) Identify other marketing opportunities

There is no coordinated marketing strategy to enable landlords; the local authority and other stakeholders to come together to coordinate a response to under-utilised housing stock. Owners of empty homes need to be contacted on a regular basis to allow them the opportunity to engage with the authority.

4. Action Plan for Bringing Empty Homes Back into Use

(a) Access to good quality advice and assistance			
OBJECTIVE	ACTION	DATE	COMMENTS
Officers available to collaborate and work with owners in bringing empty homes back into use and to make them safe in the intervening period	<ul style="list-style-type: none"> Review protocols with other council departments Develop a system of making regular contact with landlords through letters/questionnaires Establish 'forums' where landlords and prospective purchasers can meet. 	March 2014	
A dedicated phone line and email address to assist owners	<ul style="list-style-type: none"> Promote the advice line number on the Council's web site and through leaflets and posters Create a new dedicated email address for empty homes 	Dec 2013	
A webpage devoted to the provision of good quality relevant information to assist owners and others	<ul style="list-style-type: none"> Develop a more interactive page dedicated to addressing empty homes and providing practical assistance to owners 		
(b) A wide range of tools and policy mechanisms			
OBJECTIVE	ACTION	DATE	COMMENTS
Develop Financial Assistance Products especially loans	<ul style="list-style-type: none"> Launch a new interest free fixed period loan for private landlords (without a means test) as part of a revised Council financial assistance policy (FAP). This may be given subject to conditions (such as improved management standards or nomination rights from the Council) 	March 2014	

Assist first time buyers to purchase empty homes	<ul style="list-style-type: none"> Investigate homesteading schemes that can offer empty homes for sale at a discount in return for carrying out improvement works and retaining the homes in owner occupation. Market DCC loans for purchasers to assist with repairs and improvements 	Oct 2013	
Community self-help initiatives		tba	
Local Council Tax arrangements (withdrawal of discounts)	<ul style="list-style-type: none"> Should there be surplus resources (over and above that required to ensure the LCTSS is cost neutral to the MTFP) then these resources should be ring fenced to empty homes projects. 	tba	
Utilising Enforcement Measures	<ul style="list-style-type: none"> In order to prepare for EDMOs the Council needs to identify a suitable managing agent to take over the management of empty homes and secure its occupancy. A scoping study for the use of enforced sale needs to be prepared to allow this type of action to be progressed where appropriate. 	tba	

(c) Take advantage of all funding opportunities

OBJECTIVE	ACTION	DATE	COMMENTS
Accessing funding from the Homes and Communities Agency (HCA)	<ul style="list-style-type: none"> Seek further funding opportunities from the HCA in conjunction with local housing providers. 	tba	
Utilising DCC funding from the Medium Term Financial Plan and other sources	<ul style="list-style-type: none"> Research the possibility of using a limited amount of New Homes Bonus (NHB) to fund additional staffing who can assist in returning empty homes back into use and so enhance the Council's NHB allocation (an 'Invest to Save' model). Incorporate an explicit commitment in Durham's new Local Plan to use s106 monies to bring empty homes back into use as a means of meeting housing need 	tba	
Accessing other public funding opportunities	<ul style="list-style-type: none"> Maximise the opportunities for landlords to access the pilot Empty Homes Loans Fund 	tba	

(d) Partnership working			
OBJECTIVE	ACTION	DATE	COMMENTS
Working with private owners and public sector landlords in renewal areas (including selective licensing areas) and other areas	<ul style="list-style-type: none"> • Explore leaseback arrangements with private landlords and interested RPs • Identify short life funding opportunities (especially in renewal areas) • 	tba	
Working with specialist RPs and other community based organisations to help deliver affordable housing for specific client groups		tba	
Develop new links between housing solutions and the empty homes service	<ul style="list-style-type: none"> • Extend advertising of long term empty homes on the Durham Key Options website and develop a set of criteria to determine inclusion on the DKO system 	tba	
(e) Comprehensive market intelligence			
OBJECTIVE	ACTION	DATE	COMMENTS
Utilise Council Tax records to record levels and locations of empty homes	<ul style="list-style-type: none"> • Develop a monitoring system using council tax records • Utilise council tax records to write to all landlords of empty homes 	tba	

(f) Promote the empty homes service			
OBJECTIVE	ACTION	DATE	COMMENTS
Promote the service via the DCC website	<ul style="list-style-type: none"> • Develop a marketing strategy for empty homes service on the councils webpages • Make use of all aspects of internet and intranet as well as social media outlets. 	tba	
Identify other marketing opportunities	<ul style="list-style-type: none"> • Seek other means of publicising the service 	tba	

APPENDIX 1

Durham County Council Renewal Areas

Chilton
 Dean Bank, Ferryhill
 Wheatley Hill
 Esh Winning
 Craghead
 Dawdon
 Easington Colliery

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**Economy and Enterprise
Overview and Scrutiny Committee**

24 September 2013

Housing Stock Transfer 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 Housing Stock Transfer Project.

Background

- 2 At its meeting held on 12 December 2012, the Cabinet received a report which detailed the findings of its Housing Stock Options Appraisal. At that meeting Cabinet agreed to select the large scale voluntary transfer of its housing stock to a group structure of its existing housing management organisations as its preferred option for the future financing, ownership and management of its homes.
- 3 The Economy and Enterprise Overview and Scrutiny Committee have received regular update reports on the progress in the implementation of the council's preferred option for the future financing and ownership of its housing stock during 2011/12.
- 4 The most recent update was provided to committee on the 19 January 2013, when Members received further information on the steps the council will need to take to progress the preferred option together with the next steps in relation to the transfer process.

Current Position

- 5 The Council continues to work with the Homes and Communities Agency (HCA) and the DCLG providing information to support the transfer of the housing stock. The HCA and the DCLG have advised the Council that if it is to access financial support for the Government for the stock transfer it must complete the transfer process by the end of March 2015.
- 6 On the 22 July 2013 the HCA and DCLG published the draft Housing Transfer Manual for consultation. The draft Manual sets out indicative policy proposals and guidelines for the stock transfer process. Consultation on the draft Housing Transfer Manual closed on the 2 September, and the final Housing Transfer Manual is due for publication in autumn 2013.

- 7 The Council will be able to submit an application for a place on the transfer programme once the final Housing Transfer Manual is published. The Council is currently aiming to submit its application for a place on the programme in October 2013.
- 8 The HCA and the DCLG have suggested that they will review applications between October 2013 and February 2014 and will advise councils of their position by February 2014.
- 9 If the council's application for a place on the programme is approved (alongside an application to consult formally on the transfer proposal) the council will then be allowed to proceed to formal consultation with all tenants and joint tenants on the transfer proposal. The formal consultation process will involve around 22,000 tenants and will culminate in a legally binding ballot in summer 2014. All tenants will get to vote on whether or not they support the transfer proposal. The transfer can only go ahead if a majority of tenants who vote in the ballot, vote in support of the proposal.
- 10 The council is working with key stakeholder groups, including tenants, staff, Board members, Councillors and other key partners to develop a detailed Communication and Consultation Strategy. The council is also maintaining an alternative plan for the future of its homes (establishment of a single Arms Length Management Organisation) if the HCA/DCLG refuses the council's application for a place on the programme or if tenants do not support the proposal at the ballot.
- 11 If a majority of tenants who vote in the ballot, vote in support of the transfer proposal, the council will then proceed to the final stage in the transfer process. The final stage involves the establishment of the new landlords, registration of the new landlords as Registered Providers with the HCA and the completion of legal processes to hand ownership of the council's homes to Dale & Valley Homes, Durham City Homes and East Durham Homes.
- 12 The presentation to the Economy and Enterprise Overview and Scrutiny Committee on the 24th September, 2013 will:
 - Update the Committee on progress with the transfer process
 - Describe next steps in the process and explain how stakeholders can get involved in shaping the offer and in completing formal consultation on the transfer proposal
 - Update the Committee on the initial findings of informal consultation with tenants on the transfer proposal
 - Set out plans for the establishment of governance arrangements for the new group of organisations
- 13 It is intended that the Economy and Enterprise Overview and Scrutiny Committee will continue to receive further updates in relation to progress in implementing the stock transfer process.

Conclusion

- 14 The project has engaged with stakeholders across County Durham and will continue to do so as the council follows the processes necessary to transfer ownership of its homes to a group structure of Dale & Valley Homes, Durham City Homes and East Durham Homes. Ongoing communication and consultation will help the council to ensure that its decisions on the future of its homes, reflects the views and aspirations of its communities.

Recommendations

- 15 That the members of the Economy and Enterprise Overview and Scrutiny Committee note and comment upon the information provided during the presentation.
- 16 That the Economy and Enterprise Overview and Scrutiny Committee continue to receive further progress updates in relation to the development, impact and delivery of the new arrangements.

Background Papers

Economy and Enterprise Overview and Scrutiny Committee – Stock Options Appraisal – 14 January 2013.

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Author:	Diane Close, Overview and Scrutiny Officer	
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Appendix 1: Implications

Finance

Durham County Council was allocated a debt settlement of £240M by the government to implement a system of self financing for council housing. Since April 2012 the council has been able to use its own income from rents to invest in improving and maintaining its homes. Council owned housing in County Durham requires £785M of investment over the next thirty years. £406M is required in the first ten years of the business plan, but only £344M is available to the authority. The council must determine the most appropriate options for dealing with the shortfall in resources and in managing restrictions on its ability to borrow above the self financing debt level to ensure a sustainable future for council housing.

A transfer of the housing stock (to enable borrowing above the debt cap to maximise investment in homes, neighbourhoods and services) will cost up to £7M to complete. Retention of the housing stock will not address the shortfall in capital resources, improvement works will be delayed and deferred and the authority will be unable to invest substantially in value added services and the delivery of new build and regeneration. It will cost up to £200,000 to establish a single ALMO with area based arrangements.

Staffing

Staff are identified as being a key stakeholder in the option and the implementation of the council's preferred option. This includes staff working for the council and for its two housing service providers, Dale & Valley Homes and East Durham Homes. Both preferred options allow the council to consider implications for employment, terms and conditions and pensions.

Transfer of the housing stock will have major financial implications for the council. Stock transfer will result in the closing down of the HRA. In addition to service level agreements for the provision of specific services to the three providers, the council currently recharges central support services from the HRA to the General Fund. There may be limited scope to mitigate the loss of charges to the General Fund and so the council will receive further reports on the impact of stock transfer on service areas (including the Repairs and Maintenance Direct Labour Organisation) and the approach it should take to TUPE to determine the level of budget reduction likely to be incurred and implications for the council's workforce.

The Housing Directions Team will also require additional support from expert financial, legal and stock condition advisers to complete the transfer of the housing stock, or establish a single ALMO (should the transfer proposal be refused by the Government or rejected by tenants at a ballot). Funding to complete this work should be allocated from the Housing Revenue Account.

Risk

Financial analysis and the outcomes of consultation have underlined some clear risks for the council when moving into the next phase of its option appraisal. Risks include:

- The council's proposal to transfer the housing stock is rejected by the Government on the basis of value for money.
- The council's proposal to transfer the housing stock is not responded to by the Government, in the absence of the revised Housing Transfer Manual.
- The council's proposal to transfer the housing stock is rejected by customers at a ballot and costs of the abortive transfer fall onto the HRA and the General Fund.
- The council has to establish a single Arms Length Management arrangement with area based arrangements and the proposal is met with opposition from stakeholders.
- The council continues to face a deficit in its capital resources and is unable to invest substantially in homes, neighbourhoods and services in the long term. The affects of the two speed social housing offer becomes more pronounced and the council is unable to achieve its ambitions for an "Altogether Better Durham".

The council can undertake a series of actions to mitigate against these risks and reduce their likelihood. These actions include:

- Observe the guidelines set out in the existing Housing Transfer Manual and continue to work with DCLG and the HCA to prepare a prospectus for stock transfer proposal that meets Government requirements.
- Develop and implement a comprehensive communication and consultation strategy for stock transfer that explains the role of the council; the transfer option, offers and implications for all stakeholders. The strategy should be projected over a two year time frame and its central aim should be the achievement of a positive ballot.
- Continue to provide area based offices and the preservation of "local offers" (that allow services to be tailored according to local priorities) to reduce the risk of opposition to the establishment of a single ALMO.
- Ensure that any future consultation programme on the establishment of a single ALMO explains to stakeholders the reasons for the change, implications for different stakeholder groups and the benefits that could be achieved in establishing a single ALMO with area based arrangements.

Equality and Diversity

One of the appraisal's key objectives is to address inequity in the quality of the housing services and neighbourhoods currently provided by the council. The project also aims to provide all individuals and organisations with an interest in the future of the council's housing stock with the best opportunities to contribute to the stock option appraisal process, if they wish to do so. This has been accomplished through the implementation of a communication and consultation strategy and a tenant empowerment statement.

According to the Equality Impact Assessment undertaken on the transfer and retention options, both options will impact on protected characteristics. The preferred transfer option meets the priorities set out by stakeholders at the beginning of the option appraisal project. Impacts in terms of stock transfer are positive, as accessing additional funding will improve housing, neighbourhoods and services and will stimulate the local economy. This may be particularly beneficial for women who have an increased demand for social housing and disabled and older people who require homes to meet specific housing needs. Younger people and people raising a family will also benefit from an improved social housing offer resulting from stock transfer. Transfer may also enable access to additional funding to strengthen and improve tenancy support services to mitigate the effects of welfare reform. Retention will have a negative impact as the council will be unable to access additional resources to support capital spending in the first ten years of its business plan and investment needs will be deferred. Further efficiencies in management structures and services will result in the two speed economy becoming more embedded, with council tenants experiencing a different social housing and service offer to tenants living in a home owned by other local RPs. Restrictions on ability to afford the construction of new homes and remodel existing homes will impact on women, young people, disabled people and older people. The preservation of the ALMO model may have some positive impacts for local accountability and tenant involvement.

Accommodation

None

Crime and Disorder

A reduction in crime and disorder is reflected in the option appraisal's objectives. This ensures that potential options consider the reduction of ASB and the designing out of crime in homes and neighbourhoods.

Human Rights

None

Consultation

The council has developed a detailed Communication and Consultation Strategy, Tenant Empowerment Statement and plans to deliver an extensive consultation programme for each stakeholder group.

Procurement

Specialist financial Savills and legal (Trowers and Hamblins) advisers and an independent tenant advisor (Open Communities) have been procured to support the formulation of potential options and the delivery of the project.

Disability Discrimination Act

None

Legal Implications

The council currently has legally binding 'Management Agreements' with Dale & Valley Homes and East Durham Homes for the provision of housing services to its customers. Depending on the option that the council ultimately selects, these management agreements may be subject to change or redevelopment. There are also significant legal implications if the council selects the transfer of its housing stock. Trowers and Hamblins, the leading legal consultants in this area of work have been engaged by the council.

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**Economy and Enterprise
Overview and Scrutiny Committee**

24 September 2013

Adult Learning Strategy



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

Purpose of the Report

- 1 To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with background information on the Adult Learning and Skills Service prior to an overview presentation.

Background

- 2 Previously the Economy and Enterprise Overview and Scrutiny Committee has received written evidence as part of the 'Increasing young people's employment opportunities (18 – 24) in County Durham Scrutiny Review of the key messages, priorities and the delivery of the Adult Learning Strategy within County Durham. In addition, included within the refresh of the work programme for 2012 – 2014 an update on the development of the Strategy was provided to members at the meeting of the committee held on the 24 September 2012. At this meeting it was agreed that a further update on the development of the Strategy would be included within the refresh of the Committee's work programme for 2013 – 2015.
- 3 At the Economy and Enterprise Overview and Scrutiny Committee members will recall that the work programme for 2013 – 2015 was agreed which included an overview presentation on the Adult Learning Strategy which was considered to be more appropriate for new members of the committee. Accordingly, the Strategic Manager for Progression and Learning has been invited to the meeting of the committee on the 24 September 2013 to do an overview presentation on the Adult Learning and Skills Service and outline its key strategic objectives and priorities.

Adult Learning & Skills Service Overview

- 4 The Adult Learning and Skills Service is principally funded by the Skills Funding Agency to deliver Adult Community Learning (ACL), Adult Skills (ASB) for workplace and classroom learning, and European Social Funds (ESF) for an 'Engaging Vulnerable Young People' project.
- 5 Provision offered by the Service is developed in line with national priorities, as outlined in *New Challenges, New Chances: Next Steps in Implementing the Further Education Reform Programme* (December 2011) and in the *Skills Funding Statement 2012-15* (December 2012)
- 6 The service also seeks to respond to the priority themes and actions within the Council Plan (2013-17), including the themes "Altogether Wealthier", "Altogether Better for Children and Young People" and "Altogether Healthier". The "Altogether Wealthier" theme focuses on creating a vibrant economy and putting regeneration and economic development at the heart of all Council plans. The Adult Learning and Skills Service supports this and has developed provision to develop the employability skills of those active and inactive in the labour market.
- 7 In planning for the future, the service seeks to take forward the recommendations in the North East LEP Skills Action Plan.

Service Priorities

- 8 The Department for Business, Innovation and Skills (BIS) document '*New Challenges, New Chances*: (December 2011) sets out clear priorities for the funding received by the service. These include providing learning opportunities for:
 - Those who did not achieve Basic English and Maths in school.
 - Young people aged 16 up to 24 for learning which enables them to progress into further learning or to get a job.
 - Unemployed people on benefits who are looking for work to access labour market relevant courses, which help them improve their skills or re-train to help them get a job.
 - Apprenticeship programmes where returns are greatest
 - Individuals over 24 who want to retrain or up-skill at Level 2 in order to secure different employment and/or improve their life-chances.
 - Those at risk of social exclusion to support them to access learning.
- 9 Between 1 August 2012 and 31 July 2013 the service engaged over 1300 learners in classroom based learning focusing on Maths, English and employability skills in areas such as Business Admin, Teaching Assistants and Health and Social Care.

- 10 Over 200 learners accessed provision in the workplace. The Service has also supported 60 apprentices in areas such as Business Admin, Team Leading and Health and Social Care.
- 11 Community learning engaged over 5,500 learners. For many of these individuals this is the first steps back into a formal learning environment and progression onto further learning/employment. The Service remains committed to commissioning a range of learning opportunities funded through Community Learning that support access and progression for people who are disadvantaged and least likely to participate.
- 12 The ESF project has engaged over 900 young people since the start of delivery in April 2011. The project has continued to utilise ESF funding to work with a range of providers and deliver provision designed to address Not in Education Employment or Training (NEET) issues in County Durham through the themes of Prevention, Transition and Re-engagement.

Current Position

- 13 In March 2013 the service reviewed its structure to be fully aligned with Children and Adult Services and integrated with the Progression and Learning team. The revised structure ensures that the Adult Learning and Skills Service can maintain its delivery and commitment to external funding organisations, whilst contributing a saving to the medium term financial plan.
- 14 The Adult Learning Strategy – *'Learning for Skills, Learning for Life 2011-2013'* is currently under review. The strategic direction for the service aims to be responsive to reforms within Further Education and Skills such as Post-16 funding, qualifications, Apprenticeships and Traineeships.
- 15 The Service is supporting current initiatives and opportunities through European Social Funds including a Youth Employment Initiative.
- 16 Strategic partnerships are being used effectively to develop provision to meet learners' and employer's needs. The Strategic Lead for the Adult Learning and Skills Service is a member of the Business, Enterprise and Skills Group which drives forward partnership action to deliver on the County's Economic Strategy.
- 17 The service continues to plan, commission and deliver learning and skills provision that supports the local economy and is aligned to recommendations in the North East Economic Review.

18 The presentation to the economy and Enterprise Overview and Scrutiny Committee on the 24 September 2013 will focus on the following:

- Overview of the Adult Learning & Skills
- National Priorities
- Moving forward – the review of the Adult Learning & Skills Strategy

Recommendations

- 19 That the members of the Economy and Enterprise Overview and Scrutiny Committee note and comment upon the information provided in the overview presentation.
- 20 That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the development of the Adult Learning Strategy at a future meeting.

Background Papers

Economy and Enterprise Overview and Scrutiny Report – Adult Learning Strategy – 24 September 2012

Contact:	Stephen Gwilym, Principal Overview and Scrutiny Officer	
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Author:	Linda Bailey, Strat. Manager - Progression and Learning	
Tel:	03000 266 182	E-mail: linda.bailey@durham.gov.uk

Appendix 1: Implications

Finance – Funding has been reduced and this will impact upon the level of provision.

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

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

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

Accommodation – Premises for adult learning are being reviewed.

Crime and Disorder - None

Human Rights - None

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

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

Disability Discrimination Act - None

Legal Implications - None

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MINUTES

Meeting	County Durham Economic Partnership Board
Date of Meeting	Monday 29 th July 2013
Time	13.00 – 15.00
Venue	NETPark Incubator Boardroom

Attendees:

Brian Tanner	Chair
David Land	NELEP
Gillian Roll	NELEP
Phil Jackman	DCC
Paul Robson	Jobcentre Plus
Sue Parkinson	Chair of the Business, Enterprise & Skills Group
CLlr Neil Foster	Cabinet Portfolio Holder for Economic Development and Regeneration
Catherine Johns	Business Durham
Barbara Gubbins	County Durham Community Foundation
Ray Hudson	Durham University
Ian Thompson	Director of Regeneration and Economic Development
Andy Palmer	Strategy, Programmes & Performance, DCC
Jonathan Walker	North East Chamber of Commerce
Stephen Howell	Neighbourhood Services, DCC
Tarryn Lloyd Payne	Strategy & Partnerships, DCC
Angela Brown	Strategy & Partnerships, DCC

1. Welcome

Brian Tanner welcomed everyone to the meeting.

2. Apologies

CLlr Eddie Tomlinson	Chair of Rural Working Group
Christine Yule	Durham Business Group
Ivor Stolliday	Chair of Visit County Durham Board
Peter Chapman	JCP
Jack Richardson	JCP
Melanie Sensicle	Visit Co Durham
Simon Hanson	Federation of Small Businesses
Geraldine Wilcox	Derwentside Homes
Simon Goon	Chair of Business Durham
Adrian White	Head of Transport, DCC
Brian Manning	ESH Group
Sarah Robson	Chair of Housing Forum

3. Minutes of the last meeting

Barbara Gubbins mentioned that the minutes showed her as working for County Durham Community Federation and it should read as follows:- County Durham Community Foundation

The rest of the actions were agreed as a true record

4. Matters Arising

Stephen Howell informed the Board that he was picking up on the link in relation to the Cultural Partnership for procurement issues and he stated that more detail will be brought forward as this is on the agenda to be discussed at the next Cultural Partnership Meeting.

Action: Sue P and Stephen to discuss further working group collaboration.

5. Chairs Remarks

Brian mentioned how pleased he was to be welcomed by NECC Durham Committee at a working breakfast. There was a lot of local business optimism but overall a good degree of caution in the wider economic prospects.

Brian highlighted some of the yearly performance figures presented at a recent County Durham Partnership board meeting:

- 2075 apprenticeships were started in 2011/12 for 19-24 year olds, there has been a significant increase so this is a good news story.
- 1659 apprenticeships started in 2011/12 for 16-18 year olds there has been a 15% reduction so it is noted that there is an issue with this age group.
- 9.4% of 16-18 year olds were not in any sort of education, training or employment between Jan-March 2013.
- JSA Claimants currently stands at 16,388, which is the highest level since 1996/7.
- There has been a slight drop in claimants for JSA for 18-24 year olds; however the figure still remains very high.
- Over 30% of JSA claimants have been claiming for a year or more.

Welfare Reform

It is important for members to keep an eye on the impact that Welfare Reform is having:

- Child poverty remains high at 24.8%
- 25% increase in housing solutions presentations
- 2322 new referrals onto IAPT (Interventions for treating people with depression & anxiety disorders)

Brian concluded that these stats support today's Board Agenda and the necessity of working in Partnership to maximise NELEP opportunities and mentioned that the meeting would focus on digital issues within the County.

6. Digital Demand; NECC – Jonathan Walker

Jonathan informed the Board that business confidence is growing within the North East but as highlighted by Brian this comes with certain caveats. In regard to digital demand the NECC members feel that it is an important priority to roll out superfast broadband in many areas as there is a desire for businesses to have better internet to be able to trade internationally and remain competitive.

This is further supported by anecdotal evidence from members to say that they are winning work from London or South East as they are able to access wider tender opportunities that don't require physical location. As a result they can win tenders based on using local advantages through reduced overhead costs. This reinforces the need for digital demand and the digital infrastructure needs to be reliable so businesses can link up to conferencing calling and procurement portals for example.

There is also an increased demand in the tourism sector as the businesses that are doing the best are the ones who have embraced digital infrastructure such as Facebook/Twitter. There is therefore a need to ensure connectivity to the most remote parts of the County.

Challenges facing increasing demand

- Ability to articulate demand and putting numbers to it.
- How do we get businesses that aren't engaged involved? It could be that residents need to get involved as the North East is in a really good place to be at the forefront of business connectivity and increasing competitiveness.

Paul Robson – JCP

Paul felt there was a need to ensure that there is basic access for everyone. There are concerns in Co. Durham with both access and aptitude, especially in connection to the JCP client base, which can affect multiple parts of the job seeker journey.

In way of example of how this is apparent Paul raised access issues including how some people do not have the facility to access technology to create CV's etc. They therefore need access to places like the library that provide these facilities. There is a need for people to be searching for jobs for lots of hours per day. It was also recognised how this runs parallel to wider austerity measures with reduction in community services.

Currently the UK online centres link together to provide free access points for IT facilities. Community Centres have access but people do not always know what to do with a computer as they don't have the necessary basis skills. Not everyone can use computers and this is not just an age thing. There is a misconception regarding this as a lot of young people are unable to use technology.

95% of job vacancies are now advertised online, this can be difficult for people who are unable to access these jobs and will be of increasing concern if Durham isn't able to reconcile supply side initiatives with demand and usage.

7. Maximising opportunities in Digital Durham – Phil Jackman

Phil Jackman gave a presentation to the Board in relation to maximising opportunities in Digital Durham

Key highlights include:

- 50% of people in County Durham are now already online
- 5433 businesses in County Durham are not yet online
- 76000 houses in County Durham are not yet online

Once Broadband has been rolled out across the County all properties will have a minimum 2mbps download capacity.

David Land felt that there was a worry in regard to losing the art of face to face communication and felt that some people preferred to actually speak to

someone rather than to communicate via technology. Phil mentioned that it was still a way of communicating with someone only by a different method.

Andy Palmer mentioned that in relation to getting access from a Job Seekers perspective we need to examine opportunities to get Job Centre and key aspects of the Voluntary Sector working together to see what can/can't be addressed and existing/potential gaps in resources.

Andy is working with Phil Jackman to develop a demand stimulation project through an ERDF bid. Further details will come to the partnership as this project develops.

8. Influencing opportunities for County Durham; David Land

David gave a presentation to the Board

David highlighted key next steps for the NELEP Board. The first stage included an event on the 6th September at which the NELEP would look to respond to the Adonis Review with the release of its own strategic plan. This is currently being developed by the LEP and partners and will look to ensure alignment across, strategic, business and European delivery plans. An area emphasised was the need for partners to feel comfortable with the suggested shared priorities. Partners to date have been very supportive. David and Gillian thanked the local authority for secondments to the LEP to support the above process. David thanked Ian and Andy for their help with this.

There is a need to ensure the County Durham Regeneration Strategy is aligned to the NELEP Strategy and vis-versa. Worklessness was highlighted as a potential gap. The DCC policy team is currently reviewing further areas as they emerge.

Gillian Roll mentioned that the North East approach to the development of the strategic plan has received national recognition of good practice.

9. Investment Planning – Sue Parkinson

Sue gave a presentation to the Board. She talked about the way forward in establishing a pipeline of projects for European funding. The board agreed that it was an enormous opportunity for Co Durham and should be a top priority going forward.

- There is €157m available for Durham which is part of €539m NELEP allocation. However the early stage submission timescales are very tight and will require decisions by proxy and to short deadlines.

After further discussion on practical implications for the partnership and the roles and responsibilities expected with this programme the board agreed the following:

- The Board agreed it would take leadership in respect of the Durham transitional programme.
- Current arrangements for working up the submission have been via a partnership group led by BES. It was agreed this would continue.
- The ESI draft (or at least the Durham components) will come to the Board for comment but timescales for return will be very tight.

Brian felt that Sue (with support from the BES) was doing an excellent job with arrangements for submission and therefore further endorsed its continuation.

Action: ESI draft & Opt in Prospectus to be circulated

10. CDEP Review – Brian Tanner

Brian T presented a paper that builds on discussions at the last Board meeting and subsequent consultation with Board members and working group chairs.

After discussion the board unanimously agree the paper and its proposals. The following high level implementation stages have been agreed by the board in order adopt the new operating model:

- Produce and establish new Governance arrangements for the Economic Partnership
- Establish new Board
- Promote new ways of working with the Partnership and communicate with all partners and Working Groups
- Establish new Economic Infrastructure Working Group
- Establish new Working Group Chairs/Data Management/Resources Group
- Hold Annual Conference

Neil Foster said he felt it was pointing in the right direction of what the partnership is trying to achieve

The Recommendations were agreed to be taken forward.

Action: Secretariat to progress actions as agreed in the above

11. Any Other Business

Brian T mentioned that there was a presentation given to the working group chairs meeting on Sustainable Communities Strategy an on-going advice review is underway and they are keen to look at cross cutting issues and programmes across the thematic partnership. If partners have ideas on cross cutting issues please email to Brian/Secretariat.

Catherine Johns

Business Durham reported that an inward Investor had saved the RFMD facility in Newton Aycliffe to create 200 highly skilled jobs. Compound photonics is a high tech company which is developing high definition projectors which will fit inside a smartphone. This is a huge success for the County.

Ray Hudson

There was a voluntary sector meeting that took place in Murton in relation to Welfare Reform. He felt that if we were intent on delivering an exclusive economic strategy then we need to pay attention to the views of the Voluntary & Private Sector.

Barbara Gubbins

What the voluntary Sector is currently doing in relation to Welfare Reform?

- Setting up community champions based in community buildings.
- Increasing demand for foodbanks across County Durham.
- Advice services have been merged to help people to fill in forms and share funding

Of further note is the success of the previously discussed “Learning, Working and Earning” fund, run by the CDF and launched at the end of March. All targets and delivery has been exceeded with the funding all accounted for. The CDF had no idea it would be so successful and is perhaps an indication of need? Currently compiling a report which will be circulated once it is complete.

12. Date and Time of next meeting

4th November 2013, 1pm Location TBC

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