



**Economy and Enterprise
Overview and Scrutiny Committee**

Date Monday 9 December 2013
Time 9.30 am
Venue Committee Room 2, County Hall, Durham

Business

Part A

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

1. Apologies for Absence
2. Substitute Members
3. Minutes of the meetings held 21 October 2013 and 13 November 2013 (Pages 1 - 24)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Media Relations
7. Quarter 2, 2013/14 Revenue and Capital Outturn: (Pages 25 - 36)
Joint Report of the Corporate Director of Regeneration and Economic Development and Corporate Director - Resources – presented by the Finance Manager, Resources
8. Quarter 2, 2013/14 Performance Management Report: (Pages 37 - 52)
Report of the Assistant Chief Executive – Performance and Improvement Team Leader, Regeneration and Economic Development
9. Business Support and the Role of Business Durham: (Pages 53 - 64)
Report of the Director of Regeneration and Economic Development – presented by the Managing Director, Business Durham
10. North East Leadership Board - Secretary of State Statutory Consultation on Proposals: (Pages 65 - 72)
 - (i) Joint Report of the Assistant Chief Executive and the Corporate Director of Regeneration and Economic Development
 - (ii) Presentation by the Spatial Policy Team Leader, Regeneration and Economic Development

11. Housing Stock Transfer Project - Update: (Pages 73 - 80)
 - (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
12. The County Durham Community Infrastructure Levy (CIL): (Pages 81 - 86)
Report of the Assistant Chief Executive
13. County Durham Plan - Pre-submission Draft Consultation : (Pages 87 - 104)
Report of the Assistant Chief Executive
14. Minutes of the County Durham Economic Partnership meeting held on 4 November 2013 (Pages 105 - 110)
15. 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
29 November 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, Mr P Robson (JobCentre Plus) 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 21 October 2013** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, A Batey, J Bell, J Clare, J Maitland, P McCourt, H Nicholson, R Ormerod, J Rowlandson, M Simpson, P Stradling, O Temple, A Willis and N Foster

Co-opted Members:

Mr A Kitching and Mr P Robson

Also Present:

Councillor N Foster

1 Apologies

Apologies for absence were received from Councillor J Armstrong and Mrs O Brown.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meetings held 10 September 2013 and 24 September 2013 were agreed as a correct record and were signed by the Chairman.

The Overview and Scrutiny Officer, Diane Close informed the Committee that with reference to Minute 9, 10 September 2013, Improving Economic Governance in the North East Local Enterprise Partnership Area, a draft Statutory Instrument/Guidance on the Combined Authority would be out for consultation in the next week or so. It was intended that the response from the Authority will be shared with the Committee at the meeting on the 9 December 2013, providing an opportunity for Members to comment.

In relation to Minute 6, 10 September 2013, Council's Approach to Regeneration (page 4, first paragraph) it was noted that, concerning the work/engagement being undertaken with the University and Technical College, Councillor E Adam asked whether there was any further information/detail available.

The Overview and Scrutiny Officer confirmed that she would contact the relevant Officer to find out if there was any additional information available to forward to the Member.

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 of Interested Parties.

6 Media Relations

The Overview and Scrutiny Officer referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy of slide see file of minutes) namely: Tourism, with events such as Lumiere, the development at Seaham Harbour Marina and the Tourism Management Institute's Annual Conference, hosted by Visit County Durham; ongoing consultation on the County Durham Plan, noting the Overview and Scrutiny Workshop being held on 4 November 2013; and the provision of super-fast broadband in Shildon and Beamish, noting that the Head of ICT, Phil Jackman would be in attendance at Committee on 9 December 2013 to speak to Members.

Resolved:

That the presentation be noted.

7 Tourism - Update

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

The Chief Executive, VCD thanked Members for the opportunity to provide an update and began by informing the Committee that a proportion of Regional Growth Fund (RGF) monies received by Visit England (VE), had been allocated to Visit County Durham to be spent upon promoting the county to a national domestic audience as a tourist destination. Councillors noted that VCD had been allocated £420,000 over three years with a requirement to match this with £210,000 of match funding from the private sector. Members were shown a brief video, showing the marketing activity and the results it had delivered, and it was explained as residents within the County, Members may not have seen the campaign across the country, for example at King's Cross Station in London, and along the East Coast mainline.

Councillors noted that County Durham had been one of fourteen destinations in England to receive direct investment alongside more developed destination such as Cornwall, the Lake and the Peak Districts.

Members noted that the Durham Tourism Management Plan 2012-16 was available via the VCD website and that the document had been considered by the Durham County Council's (DCC's) Cabinet and there had been wide consultation with those within the County Durham tourist industry.

The Committee noted that vision for Durham as a visitor destination was:

“County Durham will offer a visitor experience that matches its outstanding natural landscapes and internationally famous built heritage. The visitor economy will support long term social, economic and environmental sustainability right across the County and be recognised by the County's residents as important to the quality of their lives”.

The Chief Executive, VCD noted that while tourism can positively impact on residents quality of life, the focus of Visit County Durham was on the benefit to the economy, through increased numbers of jobs and increased spend within the County. It was noted that specific aims were:

- by 2015 Durham will offer a visitor experience that matches or exceeds the best offered by England's premiere county destinations
- the County will fulfil its potential as one of the North East of England's lead destinations, attracting visitors to the region from across the UK and target overseas markets
- by 2020 the County's visitor economy will account for 17% of the County's economy. This will deliver 2,300 additional jobs.

The Committee noted that in respect of the first point, Durham is not yet on a level with more developed destination such as behind York and North Yorkshire, Chester and Cheshire and Bath and North Somerset. It was added that over the last 10 years, over 3,000 jobs had been created via Tourism, and the target of an additional 2,300 by 2020 was thought to be a realistic and achievable target if all the relevant plans worked together to deliver.

Members were informed that in order to deliver those aspirations there needed to be help for businesses to improve their performance, to maximise their potential in the midweek and off-peak seasons and to improve the “visitor journey”, offering lots of information and options that could result in another visit and to generated positive “word of mouth” promotion. The marketing as demonstrated via the video was reiterated but it was emphasised that marketing alone is not enough, there is a need to “develop the product”, building a critical mass to tap into the UK trend for short breaks of 2-3 days up to an optimistic week stay. It was explained that there would a need to ensure that visitors had a good personal experience to encourage repeat visits and good word of mouth promotion and this came from having a well-trained tourism and hospitality workforce, fit to deliver. The Chief Executive, VCD noted that to support those necessary conditions, there was a need to look to good partnership working, carry out quality research and gather market intelligence to help in decision making.

It was added that evaluating the performance of the visitor economy was vital in being able to see what worked and what needed support. The Committee noted that current performance showed, for 2012, 17.8 million people visit the County, £708 million was spent by visitors in the County and 10,643 jobs were supported by the visitor economy.

It was explained that these figures included contributions for direct and indirect jobs/spend and that the proportions were considered within a mathematical model, for example taking into account the proportion of a restaurant's trade as being provided from tourists. The Chief Executive, VCD noted that whilst the 2012 Olympics may have been a source of national pride and a success internationally, at the time it had a negative impact as much of the nation was watching the events at home on television and not travelling.

Members understood, however, that the general trend for Durham had been upward over the last 10 years and that 2013 should receive a boost as it is the Durham "Year of Culture" including highlights such as the return of the Lindisfarne Gospels at Durham University which had helped to fill hotels in County Durham and further afield, as well as the success of the Ashes Test being held at the Riverside Ground (Emirates Durham International Cricket Ground) at Chester-le-Street.

The Chief Executive, VCD explained that there were gaps in the County Durham Tourism offer as set out in the presentation, notably an absence of National Trust and English Heritage properties a lack of formal gardens, with none having Royal Horticultural Society (RHS) accreditation, however, there was difficult to persuade organisations such as the National Trust or English Heritage, or indeed private owners, to invest in existing gardens or to create new ones.

Members learned that those visitors that stayed overnight represented 10% of all visitor numbers, but equated to 40% of the overall spend, highlighting the value in promoting a 2-3 days visit over a day trip. It was added that seasonality was still an issue for County Durham, however this was more pronounced in rural communities and non-serviced accommodation which is located in more rural areas. Councillors noted that 30% of those visiting the County were visiting friends and relatives during holiday periods with a proportion of those people stopping at the relatives homes, not staying in hotels or holiday lets. Members learned that 50% of visitor expenditure came into food and drink businesses, with only 9% going to accommodation providers. It was explained that in 2012, several thousand non-serviced beds (self-catering, camping/caravans, hostels) had been lost, an example being Durham University withdrawing a 650 beds for sale, and that this had negatively impacted on the volume value of the visitor economy for 2012.

The Chief Executive, VCD noted that Members may be surprised to learn that the Vale of Durham, the areas between the A19 and A68 roads was the most valuable to the tourism economy, representing a worth of around £295 million per annum, and that the numbers of visitors to the County Durham coastline and the Durham Dales were roughly comparable, albeit with more overnight visitors to the Dales, more day trip to the coast. It was noted that Durham City needed to do more to drive the County's visitor economy.

The Chief Executive, VCD reminded the Committee of the role of VCD, as a destination management organisation, supported by DCC and led by the private sector, noting that 95% of the businesses with the tourism industry in County Durham were "micro businesses".

It was explained that VCD was seen as an example of best practice nationally by Visit England and had just over 20 staff. Members noted that VCD staff attended over 40 different forums, groups and meetings a month including the Area Action Partnerships (AAPs).

Councillors were reminded that VCD led on the promotion of the Lindisfarne Gospels exhibition, had secured a £450,000 investment from Visit England to market the County nationally and it was expected to secure an investment of £750,000 from the Department for Farming and Rural Affairs (DEFRA) for rural tourism development. The Chief Executive, VCD concluded by referring Members to a table (for copy see file of minutes) setting out a summary of the visitor economy development in Durham since 2007, with 8 priority areas of activity.

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

Members asked questions on several issues including: the contrast in overnight stay numbers in the Dales in comparison to the coast, given lack of accommodation along the A19 corridor and East of the County; the impact of poor transport infrastructure on tourism; attracting foreign visitors; promoting of the Durham coast and its relatively poor connection to Durham City; a lack of family attractions; linking attractions to their local towns, an example given being Locomotion and Shildon; accessing EU Transitional funding to help support the small tourism businesses; input at the local level from Town and Parish Councils; what was required to fill the gaps as identified; what the relative spend would be in achieving the 17% contribution to the County's economy by 2020; and the Miners' Gala being linked to tourism.

The Chief Executive, VCD explained that in the case of accommodation at the coast, a number of developers have a "Plan A" to develop tourist lets, however market conditions can force a "Plan B", more likely than not to go for residential development. It was added that VCD would help support any Plan As and encourage, however, confidence in the market was key and that recent accommodation study had shown that the types that were required in County Durham were: holiday parks; glamorous camping or "glamping" and 3 or 4 star hotels in Durham City.

Members noted that in general, the main North/South arterial links such as the East Coast mainline and A19 and A1 were very good and that around 85% of visitors came via car, therefore public transport issues were secondary. It was noted that a lack of "excursion products" was a potential solution but the main provider of excursions in the county had recently said that we are short of visitor numbers in the city to support a profitable excursion trade. The Chief Executive, VCD estimates that an additional 2 million visitors to the city was required to provide a case for viability for new attractions and for the excursion market. In relation to advertising to attract foreign visitors, it was noted that advertising abroad was very expensive and that with no direct links to the region to the USA or the far-east money spent could be wasted. It was noted that Durham was part of a "heritage group" that included Bath and Chester and others, and this group was a vehicle for overseas marketing. Members noted that, as an example of what is needed to be effective in overseas markets, Visit Scotland had an office in New York and there was no substitute for being "there on-site".

It was added that it was important to try and engage with the travel trade and encourage them to add Durham to their itineraries, again with a need to develop more products to promote and sell being key to achieving this.

The Chief Executive, VCD noted that the Durham coast featured heavily in the pictures promoting Durham that had been displayed nationally, including a centre-spread in the Independent newspaper's "pull-out".

It was suggested by Members that there would be a need to continue to push the coast as an issue. Members noted that the Tourism Management Plan highlighted several gaps in product that needed to be filled. Durham's visitor profile was mainly couples over 45 years. It was noted this could be seen as consequence of a lack of family orientated attractions and, albeit with the success of Beamish, Adventure Valley, Hall Hill Farm and Locomotion, there were not products within the County akin to a "Center Parcs" or a "Lightwater Valley" for example.

Councillors noted that it was important to try and maximise the potential of the visitor attractions and to link up to local towns, to try and lengthen stays. The Chief Executive, VCD explained that at the moment EU funding was not available for customer facing businesses, rather for business to business support. It was added that therefore it was important to try to link in such a way as to support the visitor economy such as between travel companies and tour operators and to look at any possible means of getting funding more directly with the new funding programmes coming up.

Members noted that 3 AAPs had Tourism as a priority: Weardale; Teesdale and Durham City and these AAPs had been attended by VCD staff. It was noted that the majority of AAPs had the economy as a priority, with Tourism being just one aspect of this. Councillors noted that some Town and Parish Councils were heavily involved in tourism issues, with several that engaged regularly with VCD including Seaham, Bishop Auckland, Barnard Castle and Stanhope. Members learned that Stanley Town Council had recently approached VCD with a view to creating a destination development plan for the town "tourism plan" VCD were happy to work with them in this regard.

The Chief Executive, VCD noted that to tackle the gaps as identified there was a need for funds to invest in products and the workforce/staff to deliver those products, within the tourism industry and VCD. Members were reminded that with the loss of the Regional Development Agency (RDA) One North East, there was a reduction of approximately £1 million in the budget to deliver tourism services, with the teams in position now marking a minimum provision. It was reiterated that the 20 VCD attended over 40 meetings with partners, community groups and business a month and that the tourism was a "hands-on people industry", with County Durham having relatively few staff in comparison to similar areas with similar tourism ambitions. The Chief Executive, VCD noted that the spend required deliver the 17% contribution from tourism to the overall County Durham economy by 2020 was difficult to quantify, however, it was noted that funds from RGF and DEFRA would help alongside other funding streams and it was noted tackling the lower achieving mid-week and off-peak periods by building up the conference/meeting side of the Durham tourism offer may provide an opportunity to work towards the 17% target.

Councillors noted that in the past, the Chief Executive, VCD had tried to link in with the Miners' Gala and the Portfolio Holder for Economic Regeneration, Councillor Neil Foster noted that the Miners' Gala was promoted in conjunction with the Durham Brass Festival. Members noted that there could be opportunities to promote further events around the Gala day, as it was a known fixed point within the "Durham calendar" and the Chief Executive, VCD noted that expanding on events to capitalise on the benefits of overnight visits was important.

Resolved:

- (i) That the information within the report and presentation be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further progress report on the development of the tourism offer in County Durham at a future meeting of the Committee.

8 Infrastructure Delivery Plan and Community Infrastructure Levy - Overview

The Chairman introduced Principal Policy Officers Regeneration and Economic Development (RED), Peter Ollivere and Michelle Robinson who were in attendance to give Members an overview presentation in relation to the Infrastructure Delivery Plan and Community Infrastructure Levy (CIL) (for copy see file of minutes).

The Principal Policy Officer, P Ollivere thanked Members for the opportunity to speak to the Committee and began by explaining that the County Durham Plan (CDP) set out the planning framework for County Durham up to 2030 and in order to meet the needs of present and future residents, the CDP had the aim to deliver: at least 31,400 new homes; 399 hectares of general employment land; and 9,600 square metres of new retail floor space. It was noted that in order to deliver against the CDP there was a need for infrastructure to be in place, the Infrastructure Delivery Plan (IDP). Members noted that physical infrastructure included not only the more obvious road and rail links, but also issues such as sewer capacity, flood mitigation and defence, and ICT connections. It was added that other "social and green" infrastructure included education, medical care, emergency services and areas such as the Heritage coast and the Heart of Teesdale.

The Committee noted that the IDP Report adopted a spatial approach, with the delivery areas of North, South and West, East and Central being familiar to Members. Members were referred to an example slide showing the South Durham infrastructure requirements, and highlighting Town Centre Investment Schedules operating a red, amber green system of identifying need. It was added that an overall funding gap in terms of infrastructure of £96 million had been identified and that this gap helps to provide the rationale for introducing CILs.

The Principal Policy Officer, M Robinson reminded Members of the benefits of CIL in being able to provide strategic infrastructure needs and the ability to have a proportion of the contribution being made direct to local communities.

Other advantages that Members noted included the standard charge per m², giving clarity and certainty to not only the Local Authority, but also to developers, industry and landowners and the fact that all developers pay proportionally and contributions can be pooled as required for infrastructure projects. Members noted that for s106 Agreements, the other method of securing developer contributions, where development was small scale, there was often no contribution and no scope to pool s106 monies towards specific projects. The Principal Policy Officer, M Robinson noted there were limitations, CIL was complex to implement, was some opposition from developers and the relationships between CIL and s106. Members were aware of the risk of setting CIL at the correct rate to be able to pay for infrastructure without deterring or making development unviable, a balancing act. It was explained that in coming to the CIL levels as drafted, a Local Plan and Community Infrastructure Level Viability Study (LP&CIL VS) was carried out looking at: understanding viability areas around County Durham; running viability appraisals; recommending CIL rates for residential and commercial development; and understanding the impact of affordable housing and other policy requirements upon the viability of development schemes. The Principal Policy Officer, M Robinson explained that the implications had knock on effects for other policies and Members were asked to note a slide showing the areas for CIL rates, Durham City and to the North of the City, West Durham and the rest of the County. Members were given a draft charging schedule for CIL and asked to note the sliding scale of levy with the highest being in the Durham area, then the West, then the rest of the County. It was added that there was an understanding that CIL rates of 150 per m² were felt to be realistic for large food retail development, however, for other uses under Classes A and B were not viable and the CIL rate was zero. Councillors noted that a rate of 150 per m² was seen as being very viable for student houses of multiple occupation (HMOs).

The Principal Policy Officer, M Robinson highlighted that community contributions were 15% in areas with a relevant Parish Council which rose to 25% where an adopted Neighbourhood Plan was in place. Councillors noted that there was a cap in place at £100 per household per year; however, it was thought to be unlikely that cap would ever be reached. It was added that in the case of there being no Town or Parish Council or Neighbourhood Forum, DCC would spend the percentage in the area, with mechanisms of dialogue with AAPs being developed. Members noted that reflecting comments received during the ongoing consultation on the CDP, Policy 5 – Developers Contribution set out the approach to s106 and CIL to ensure no “double charging”, the community proportion of CIL; policy requirements still being negotiable; and there being an approach to unviable sites, adopting an open-book with developers allowing them to demonstrate where percentages of affordable homes may not be viable. Members noted that the “Regulation 123 List” would set out priority infrastructure projects outlined in the IDP to be funded by CIL, the list also providing an indication where CIL is sought; therefore s106 monies would not be sought. It was added that current thinking was for a northern relief road for Durham, the Horden/Peterlee rail station and the Bishop Auckland to Barnard Castle Multi Use Route.

The Chairman thanked the Principal Policy Officers for their presentation and asked Members for their questions.

Councillors asked questions in relation to the Bishop Auckland to Barnard Castle Multi Use Route; the 150 per m² CIL rate for student accommodation, how this would work; CIL rates in County Durham in comparison to our neighbours; how the Town and Parish contribution levels were arrived at; and the CIL rates for sheltered housing and extra care provision.

The Principal Policy Officer, P Ollivere explained the Bishop Auckland to Barnard Castle Multi Use Route operated along the South West Heritage Corridor Route and had been led by local Members and the use was wider range, walking, cycling and equestrian.

The Principal Policy Officer, M Robinson explained that the 150 per m² rate for student accommodation was felt to be at a “mid-level” and such that it would not deter new student home development. It was added that CIL did not apply to any existing floor space being remodelled, rather newly created floor space.

Members noted that Newcastle and Gateshead Councils had charging schedules at the draft stage and there was a meeting at Northumberland discussing issues and it had been noted that neighbouring Authorities were broadly making similar CIL assumptions. It was added that there had also been a few meetings with the former Tees Valley in not only considering CIL, but wider CDP issues. The Principal Policy Officer, M Robinson noted that the 15% and 25% contributions to Town and Parish Councils were percentages set by Central Government. Councillors noted that the issue of CIL had been considered by Cabinet and upon looking at the issues further, there had been no difference in the profits of sheltered housing in comparison to regular residential development and the CIL rate was set at residential accordingly. It was noted that for extra care provision, the CIL rate was zero and that additional information could be provided to Members as required.

Members noted the updated CIL charges for sheltered accommodation and extra care accommodation. It was explained that updated evidence suggests that sheltered accommodation will be charged at the same rate as residential and there will be no charge for extra care accommodation. Mr A Kitching was concerned about the proposed charges and following consideration of the viability evidence, he did not agree that there was justification to add a surcharge on sheltered and extra care housing especially when we were looking at closing care homes. Mr A Kitching was of the view that DCC had a moral duty to look after and care for our ageing population and felt that charging to build housing for that purpose was not right.

Resolved:

- (i) That the information within the report and presentation be noted.
- (ii) That the comments made by the Economy and Enterprise Overview and Scrutiny Committee are fed into the ongoing consultation process on the pre-submission stage of the County Durham Plan as the response from Overview and Scrutiny.

9 Durham Key Options - Update

The Chairman introduced the Senior Policy Officer, RED, David Randall who was in attendance to give Members an update in relation to Durham Key Options, a 6 month review of the changes in the lettings policy (for copy see file of minutes).

The Senior Policy Officer thanked Members for the opportunity to speak to the Committee and began by reminding Members that Durham Key Options was the choice based lettings system for County Durham with 8 full partners: Cestria, Dale and Valley Homes, Derwentside Homes, Durham City Homes, East Durham Homes, Livin, Teesdale Housing Association and Accent Foundation, the latter being the first non-area based Registered Provider (RP) to join as a full partner. The Committee were reminded that the DKO Lettings Policy changes came into effect in April 2013, and some issues were filtering through, however, there was a need to see whether these were implications of DKO policy changes or the wider Government Welfare Reform changes.

Members were reminded of the changes made in April, consolidating the number of bands from 9 (A+ to F) down to 5 (A to E), with the removal of Band F, the “no demand” band. It was explained to Members that following the removal of those from the former Band F, there had only been 1 appeal made at “Stage 3”, Head of Service level. Councillors noted that those fleeing domestic violence had now been categorised the same as “standard” statutory homeless applicants and it was added that in emergency situations, RPs were able to direct let, going outside of DKO if necessary.

It was explained that those that had been in Band A+ had been placed into Band A, albeit the computer system place the few (25) former A+ applicants at the top of the new Band A. The Senior Policy Officer referred Members to the report setting out the figures in relation to under-occupation, and explained that Band E “non-bidders” was assumed to be around 500 people. Members noted that around 2,000 had not bid in the last year, and 60% of those had never bid and the issue of whether to remove these from the list was being looked at.

The Committee noted the fall in the number of priority transfers from 240, 2 years ago to around 80 now and the small effect of the Armed Forces Covenant on DKO, albeit with only 18 such currently on the list.

The Senior Policy Officer noted the change in the homeless duty, reducing the time given to bid from 12 weeks down to 6 weeks. It was noted that through more dialogue with Officers, properties were well matched to individuals and there had been less rejections of potential properties. Members noted that extra room eligibility, for example a bedroom for a carer, was part of DKO even it was not the view taken by the Department of Work and Pensions (DWP), with Department of Communities and Local Government (DCLG) Allocations Guidance advising that Discretionary Housing Payment may be available for these applicants. The Senior Policy Officer concluded by noting that he could return to Committee in a further 6 months' time to give Members information on the progress made over the first year of operating the new DKO lettings policy.

The Chairman thanked the Senior Policy Officer for his update and asked Members for their questions.

Councillors asked questions relating to the impact of the reduction on the number of full-time armed forces personnel and a move to Territorial Army and whether this would have an affect; the reduction of the homeless duty bidding time from 12 weeks to 6; the apparent low numbers of those applicants with overnight carers; and whether there was any incentive for the Band E “non-bidders” to even be on the list at all, and if not what advantages could there be in a cleaned list.

The Senior Policy Officer explained that in general, the armed forces changes affected areas that operated barracks, and that the impact upon DKO would likely be minimal. It was added that the 12 to 6 week reduction in bidding time for those the Authority had a homelessness duty was to prevent “non-sensible” refusals, and it was added that further information could be obtained from the Council’s Housing Solutions Core Team Manager, Andy Burnip and passed to Members for their information. It was confirmed that the number of applicants on the register with overnight carers was low.

The Senior Policy Officer explained that the Band E “non-bidders” were in general adequately housed and therefore there was no real incentive to them in being on the list, while creating administration tasks regarding renewals and updating accommodation need. Members were reminded that the choice based lettings scheme was not like the old system where it was critical to “get on the list” and get on early in a first come, first served basis. It was added that for the 2,000 “non-bidders” it may be more efficient to leave them on the list, however, this would be looked into.

Resolved:

- (i) That the information within the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee receive a further update on the operation of the lettings policy at a future meeting.

10 Members' Reference Group - Update

The Overview and Scrutiny Officer referred Members to the update report on the Members’ Reference Group – Implications of changes in Government Funding on the Economy of County Durham for information.

Resolved:

- (i) That the information within the report be noted.
- (ii) That the Economy and Enterprise Overview and Scrutiny Committee continue to receive further progress updates in relation to the work of the Members’ Reference Group.

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DURHAM COUNTY COUNCIL

ECONOMY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of the **Economy and Enterprise Overview and Scrutiny Committee** held in **Committee Room 1A, County Hall, Durham** on **Wednesday 13 November 2013** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, A Batey, J Bell, J Clare, J Maitland, H Nicholson, R Ormerod, M Simpson, P Stradling, O Temple and A Willis

Co-opted Members:

Mr A Kitching and Mr P Robson

1 Apologies for Absence

Apologies for absence were received from Councillors J Armstrong, I Geldard and Mr T Batson and Mrs O Brown.

2 Substitute Members

No notification of Substitute Members had been received.

3 Declarations of Interest

Councillor J Maitland declared an interest in Item 5 as a Board Member of East Durham Homes.

4 Items from Co-opted Members or Interested Parties

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

5 Performance Reporting - Durham City Homes, Dale & Valley Homes and East Durham Homes

The Chairman referred Members to the covering report within the agenda pack and noted that the format of the meeting would be similar to previous years, the Committee having received the Annual Reports from the Housing Organisations.

Members noted that the Chief Executives of each of the Arm's Length Management Organisations (ALMOs), Dale and Valley Homes (DVH) and East Durham Homes (EDH), together with the Manager of Durham City Homes (DCH) would give a brief presentation and speak to the Committee as regards their Annual Report and performance.

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

Durham City Homes

The Manager, DCH explained that the Annual Report for DCH was developed in conjunction with tenants and it set out the performance in terms of the Homes and Communities Agency (HCA) Standards, although the Tenants' Panel had decided upon a more engaging format, a calendar for the period October 2013 to September 2014. The Committee noted that each month covered a different area of activity and positive feedback had been received as regards the new format.

Members noted that the main issues as reported in the Annual Report included Welfare Reform, Stock Transfer, Investment, Reducing Energy Bills and Work with External Partners. It was explained that issues of welfare reform had been highlighted to tenants with an increased capacity within Tenancy Sustainability and a Welfare Benefits Advisor. Councillors noted the partnership with Credit Union and with FoodBank and the review of furniture packages, which were now discontinued. It was explained that "The Store" furniture recycling, in partnership with Derwentside Homes, was offered as an option for those in need.

The Manager, DCH noted increase in capital investment and noted that DCH was maintaining its 100% Decent Homes standard. It was explained that there was a need to tackle issues of small scale estate improvements and issues such as derelict garages, with over 1,000 garages a few years ago now reducing through a rolling programme of refurbishment and demolition where appropriate. Councillors learned that an air source heat pump pilot project had been undertaken and that a programme of replacement for poor performing boilers was on-going. Members noted an exercise with other housing providers looking at joint procurement for lower cost energy bills for tenants.

The Committee noted that there were several schemes and projects involving partners, including: Silvertalk, supporting older people; a joint review of complaints procedures; and Anti-Social Behaviour (ASB) diversionary project with Durham Constabulary; work with North East Procurement; and involvement with Durham in Bloom, with a specific award for DCH tenants.

The Manager, DCH referred Members to slides setting out performance figures (for copies see file of minutes), with Councillors noting the main statistics being:

- The amount of rent arrears as a percentage of the total rental debit was below target at 2.5%, 33.5% of all tenants paid via Direct Debit, 18 people were evicted for rent arrears and 35% of tenants contacted believed they may experience debt problems due to the changes to Welfare Reform.

- Repairs took on average 8.8 days to complete, 99.5% being completed right first time, 99.5% of emergency repairs being completed within timescales, 99.6% of urgent repairs were completed within timescales and 99.1% of responsive repairs appointments were made and kept.
- 100% of homes had a valid gas safety certificate.

The Committee noted that the Tenancy Sustainability Team had worked with over 850 tenants, helping those people access an extra £81,000 in benefits and grants. Members learned that 83% of tenants were satisfied with the advice and support they received in respect of benefits and 76% of tenants contacted regarding Welfare Reform issues found the information helpful. The Manager, DCH noted that the Decent Homes programme had made 1,299 properties decent with 79% of tenants being happy with their home. Members noted the number of replacements and improvements made over the last period included:

- 657 new central heating systems; 494 new windows; 444 new doors; 346 new kitchens; 367 new bathrooms suites; and 352 re-wires.

The Manager, DCH explained that relating to lettings, 99% of all Durham Key Options (DKO) applications were completed within timescales and 577 properties were let, an increase in comparison to an average of around 540-550. Members noted this was an impact in terms of additional workload, though it was not known whether the increase was as a direct consequence of Welfare Reform changes. It was added that the number of empty homes was above target at 72, however it was noted that 3 bed properties were now proving more difficult to re-let as a result of the Welfare Reform changes regarding the spare-room subsidy. Councillors noted that the average re-let time was 26 days, a vast improvement upon a figure of 72 days back in 2009.

The Committee noted that in relation to Neighbourhoods, the main points were: 87% of tenants were satisfied with their neighbourhood as a place to live; 81% of tenants were happy with the way DCH dealt with ASB; 100% of ASB complaints were dealt in timescales; and 145 cases of ASB were resolved. Members learned that tenant involvement had resulted in 46 changes being made; 80 tenants having attended a DCH Christmas consultation event; and 407 tenants were registered on the DCH tenants' involvement database. Councillors learned that only 44% of estate walkabouts included a tenant or resident, below a target of 55%. It was added that in terms of customer service, only 65% of calls were answered in 60 seconds, however, it was noted that DCH calls were received via the DCC Customer Services alongside all other incoming queries to the Authority and this could explain the performance. It was explained that 86% of tenants believed that DCH kept them well informed.

The Manager, DCH concluded by referring Members to a pie-chart (for copy see file of minutes) setting out the areas of spend as percentages of the total funding available over the period.

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

Dale and Valley Homes

Members were reminded that DVH was set up in 2006 and was responsible for 4,258 properties, employing 82 people, the majority of which lived locally.

The Committee noted that the DVH Vision was to “Provide homes and neighbourhoods that our customers want to live in and are proud to live in”, with 4 key strategic objectives having been established to achieve this:

- Delivering Excellent Services
- Delivering and Maintaining Decent Homes
- Running our Business Well
- Sustaining Local Neighbourhoods

The Chief Executive, DVH explained that DVH was a value based organisation, with 6 “magic ingredients” that had been developed: “open and honest”; strong customer focus; staff engagement and empowerment; apprenticeships; customer and staff development; and “change”. Members noted that 30% of DVH staff were, or had been at some point an apprentice within the organisation.

The Committee noted that the Annual Report format had been altered in accordance with the wishes of customers, however, still reporting against the HCA Standards. The Chief Executive, DVH noted he was very proud of DVH retaining the Customer Service Excellence award for a second year and that 89% of tenants that responded to the 2013 survey were satisfied with the way DVH kept them informed.

Members noted that the Customer Scrutiny Panels had undertaken 3 reviews during the last year, the topics being: the letting of empty homes; dealing with ASB; and measuring social return on investment (SORI). Councillors noted the headline results from the “Star Survey”, with satisfaction with the overall service provided by DVH having increased from 88% to 90%, albeit satisfaction with some individual issues had decreased slightly. The Chief Executive, DVH explained that the complaints process had been reviewed, and was in line with recommendations from the Welsh Housing Ombudsman and Scottish Housing Ombudsman, with the Housing Ombudsman for England likely to follow shortly with similar guidance.

In relation to customer care, the Chief Executive, DVH explained that there had been an increase in the number of people accessing the gardening service, and that as this was a paid service it was a testament to the quality of the service. Members noted statistics relating to customer care and responding to the needs of customers including:

- 134 frontline resolution complaints, taking on average 10.2 days to resolve
- 31 formal complaints, taking on average 14.8 days to resolve
- 92.1% of customers felt that their telephone call had been answered promptly and 98.6% felt that their call had been answered politely.
- 491 adaptations had been completed, with a satisfaction of 98.6%.
- 190 customers were being provided with an intensive housing management service, with an 85.2% satisfaction.

The Chief Executive, DVH explained that a new development at Park Avenue, Crook consisting of apartments and bungalows for older persons had been completed to a high standard. It was noted that the development was also in a good location with easy access to amenities including shops and health centre and there was a high level of satisfaction, with one tenant describing it as “the Crook Hilton”.

Councillors noted one of the reasons that DVH was formed was to bring the housing stock up to the Decent Homes standard, and it was explained that the Decent Homes programme for DVH was completed in September 2013. Members learned that since 2007, 3,550 homes had been modernised, with £42.5 million spend to date being an average of £11,972 per property. It was added that customer satisfaction with decent homes works was high being recorded at 92.1%.

The Chief Executive, DVH set out the information in relation to on-going repairs and maintenance, including:

- The average cost of repairs per property had reduced from £540 in 2011/12 to £425 in 2012/13.
- 83% of customers were satisfied with the repairs and maintenance service.
- Investment in systems and equipment had improved the service.
- Gentoo, who carry out the repairs on behalf of DVH, have their relevant staff based within the DVH offices and also have closed their depot, with repair persons operating from their homes. Upon review of the maintenance contract, a further £200,000 of savings was identified.

Members noted the high satisfaction statistics during 2012/13, including 100% of emergency repairs being carried out within 24 hours and a 97.6% customer satisfaction with the attitude of workmen carrying out the repairs.

The Committee learned that during 2012/13, DVH let 406 properties, with an average re-let time for empty homes being 42 days. Members noted that the poor re-let time was a reflection of Welfare Reform and an increased cost of living. Councillors learned that the average number of bids per property in 2011/12 was 13.76, in 2012/13 it was 6.61 and the first 6 months of 2013/14 was 2, demonstrating a significant decrease. It was added that this trend was across all property types. Councillors were informed of the number of terminations, increasing from 407 in 2011/12, 439 in 2012/13 with projections for a figure around 600 for 2013/14. Members were reminded that there was an associated cost in having more properties to turnaround and re-let.

The Chief Executive, DVH explained that, in working with neighbourhoods and the community, several partners were involved including the Area Action Partnerships (AAPs), Durham Constabulary, energy specialists and Bishop Auckland College. It was noted that in 2012/13, 26 groups were successful in receiving over £10,000 from the “Better Homes, Better Lives” fund. Members were reminded of the work on energy advice, funded through North East Procurement, with over 830 customers visited in 2012/13, with an average identified saving of £135 per customer. It was added that a potential £40,000 worth of Warm Home discounts had been identified and that customer satisfaction in this regard was at 96%. The Committee were reminded that a third of DVH staff were either currently or had been apprentices, with many having gone on to full time employment within the company.

The Chief Executive, DVH was proud to note that the positive approach taken by DVH had been recently recognised with the organisation having been named North East medium-sized apprentice employer of the Year and a “Top 100” apprenticeship employer nationally. It was added that a joint Social Enterprise with Gentoo, “Colouring Pads”, had 3 apprentices currently and it was hoped to employ 3 more during 2013/14.

The Committee were informed that in terms of Welfare Reform a lot of preparatory work had been undertaken in order to be able to help tenants. It was noted that there was continued support for the local Citizens’ Advice Bureau (CAB) in order for them to continue to offer impartial advice that had resulted in:

- 252 customers being referred to CAB.
- 89% of those referred engaging with the service.
- Nearly £60,000 of unclaimed benefits was accessed.
- Over £280,000 of debt had been successfully managed.

Members noted that 875 customers had been visited having been identified as being affected by the spare room subsidy and being in receipt of Housing Benefit. Councillors were made aware of work with other providers to develop a Discretionary Housing Payment policy and the on-going work in respect of developing and implementing a new DKO lettings policy. It was added that over £15 million in rent was collected and the percentage of arrears was within the 2% target.

The Chief Executive, DVH reminded Members of the value based approach at DVH and noted that this helped to provide well motivated staff, which led to increased productivity and improved customer satisfaction. It was noted that DVH had been included in the Sunday Times “Best 100 Companies to work for” list for the third year running moving up from 26th in 2011 to 3rd in 2013. Members noted that DVH invested on average £1,000 per person on staff training, with qualifications ranging from NVQ Level 2 up to post graduate degrees. It was added that DVH achieved the Investors in People (IIP) Gold Standard in March 2013, and DVH had applied for the IIP Champion Status. Members noted that the results of the investment in staff had been reflected in the quality of the staff and the low staff turnover at the organisation. The Chief Executive, DVH concluded by referring Members to quotes from the IIP inspection report and from a staff comment that was made as part of the “Best Companies” survey, the latter being:

“The company cares about the people who work here and in turn the people who work here care about the company – a two way street”.

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

East Durham Homes

The Chief Executive, EDH noted that the Annual Report for EDH, “Open House”, had the customer at its heart, was developed in conjunction with tenants, and each section, following the HCA standards, had a customer “guest editor”.

Members were reminded that achievements had not been made in isolation, there was partnership working with several organisations including: DCC; the East Durham AAP, The Housing Partnership; Kier; Keepmoat; Wates; Morrison; Durham Constabulary; Unite and the County Durham Credit Union.

The Committee noted that the annual report comprised of a section that showed the “year in pictures”, a section setting out the performance statistics, each of the HCA standards in turn, and a financial summary at the end.

Members were informed that during the 2012/13 period EDH had achieved its 3,000th home made decent in May 2012 and its 4,000th in January 2013, with an aim to have all homes at the decent homes standard by December 2014. Members noted that 86% of tenants were satisfied with the overall service provided by EDH, and 84% of tenants were satisfied with their neighbourhood as a place to live.

The Committee noted in relation to customer service, choice and handling complaints, EDH had instigated an “Obsessed Programme” where customer service was driven by the EDH staff. It was added that a 98% customer profile of EDH tenants meant that it was possible to tailor communications and services according to the actual customers. Members noted the high volume of call received by EDH, with more than 10,000 calls per month of which 91% were dealt with successfully at the first point of contact. It was noted that this high percentage of calls being dealt with at the first point of contact allowed other “back office” workers to concentrate their efforts in carrying out works out as required in tenants homes. The Chief Executive, EDH reiterated colleagues comments as regards the new process for complaints, and noted that complaints had been resolved in an average of 7.67 days, with a satisfaction of 85.5%. It was added that there had been over 800 compliments received, in 2012/13 EDH had continued to achieve the “Customer Service Excellence standard” and that a customer service training programme had been delivered to all staff.

Members noted that in respect of getting tenants involved, EDH had worked with The Housing Partnership and put customers at the heart of what they do. Councillors learned of service improvements that had resulted from having tenants’ input and noted the shortlisting of EDH for 3 Tenant Participation Advisory Service (TPAS) Awards. It was added that TPAS reaccreditation had been achieved. The Committee learned that “make a difference” (MAD) days had been carried out and a total of £4,549 had been awarded in “quick fix grants” to 10 community projects, including Dene Community Fire Fighters.

The Chief Executive, EDH explained that in addressing the diverse needs of customers, services were tailored to individual needs including:

- Having different formats of documents available.
- Interpretation and translation.
- Plain English accreditation.
- Typetalk.
- Browsealoud.
- Induction loops.
- Customer care kits.

Members noted that there had been improvements to access at customer outlets, an annual customer service day was held, and EDH had attained a “Leaders in Diversity” award.

The Committee noted that from a budget of approximately £29 million, 99.86% had been used in 2012/13. It was added that 1,760 properties had been updated to the decent homes standard against a target of 1,500, a reduction of 20% from the previous year giving a 41% level of non-decency. Members were reminded that the aim was for non-decency to be at 0% by December 2014.

Councillors noted the high satisfaction level as regards decent homes works, and learned that other improvements to properties included:

- 1,904 homes fitted with high efficiency boilers, with high customer satisfaction as regards this scheme.
- 1,509 kitchens were modernised to the decent homes standard.
- 1,498 bathrooms were improved to the decent homes standard.
- 1,532 homes were rewired to IEE Regulations 17th Edition.
- 241 homes received new roofs.
- 12 of 29 British Iron and Steel Federation (BISF) houses received improved fascia and insulation, with some help for private owners in adjacent properties in order for their homes to be brought in to match.
- 868 adaptations were completed, again with high customer satisfaction.
- 2,335 asbestos surveys were completed, noting 95.17% of the stock had now been tested.
- Improvements had been made to the communal areas and entrance doors of 18 flat blocks at Peterlee, improving appearance and safety.
- A number of garage sites had been demolished, addressing overprovision and a number of garages that were in disrepair.

The Chief Executive, EDH explained that a social enterprise, “SHED” (Social Housing Enterprise Durham) had been established in partnership and with support from Durham County Council, East Durham AAP, the County Councillors for the Peterlee area at the time including Audrey Laing, Gordon Tennant, Jimmy Alvey and Ralph Liddle, East Durham Partnership, Wates Family Enterprise Trust, Keepmoat and Kier. It was noted that 8 apprentices, with 2 supervisors had been employed and SHED helped to provide service to older and vulnerable customers. Councillors noted that partner organisations provided additional help, with examples being provision of kitchens for some community buildings and snow clearing at vulnerable people’s properties.

The Committee learned that all properties had received an annual safety check, and the over 2012/13, 33,000 repairs had been undertaken with 99.71% of appointments made being kept. It was added that 94.71% of repairs were completed “right first time” and 99.86% of emergency repairs were completed on time.

The Chief Executive, EDH referred Members to information as regards allocations, repairs and tenure, including:

- 826 properties repaired and re-let, with an average turnaround of 17.3 days. It was added that a projected figure for 2013/14 would be for around 1,200 properties, reiterating trends noted by the other providers.
- The “Homeswapper” service and the review of the DKO lettings policy.
- Support for customers with rent arrears, noting the level of arrears having reduced.

- The launch of the “My Place” web portal where tenants could view and manage details as regards their tenancy, very popular with younger tenants.
- Work with, and promotion of, the Credit Union.
- Help and advice given to 1,469 customers, an identified total of £336,053 in housing and welfare benefits.
- A Vulnerable Applicant Officer had helped 304 with DKO applications and 181 customers were supported in their tenancy by the Sustainable Tenancy Team.

Councillors learned that 144 estate walkabouts were carried out, resulting in 3,904 actions and the “Handyperson” service had helped 107 customers, with a rating by customers of 9.13 out of 10. Members noted activities such as the Best Kept Garden competition and the “Back in the Game” project, the latter involving Sunderland AFC and Caterpillar in helping people to get qualifications and get into work. The Committee noted that of 498 reports of ASB only 2% were reopened. It was noted that over 2012/13, 3 injunctions were made, 3 tenancies were demoted, 8 possession orders were issued, and 3 evictions were carried out. The Chief Executive, EDH noted that the use of a restorative justice approach was being seen as successful, helping to prevent people entering the criminal justice system. It was added that the approach would not be suitable for all victims of ASB, however, those that had participated felt the results were positive. Members learned that EDH was awarded the Social Landlords Crime and Nuisance Group (SLCNG) “Team of the Year 2012” and that there had been a series of workshops on ASB delivered in local schools. Councillors were referred to information in respect of value for money, and noted that the Governance arrangements had received an A+ rating from an independent board appraisal. The Chief Executive, EDH explained that the Chair’s Charity (Chair of the EDH Board) had raised nearly £5,000 for the MS Society, an excellent positive contribution.

Members noted the figures in relation to finance and the breakdown of where money was spent from the total of £15.8 million and the Chief Executive, EDH referred Members to the challenges that were noted for 2012/13 and also the challenges and opportunities for 2013/14 including:

- Supporting customers through the impacts of welfare reform.
- Embed and improve customer service.
- Launch the self-service portal application.
- Embed the approach to Customer Knowledge and Campaign Manager.
- Deliver 1,638 decent homes.
- Manage a new Strategic Partnering Agreement.
- Deliver further efficiencies and savings.
- Expand the Social Enterprise.
- Take an active role in the Stock Transfer Process.

The Chairman thanked the three speakers, noted the Housing Directions Manager, Marie Roe was in attendance should Members have any queries regarding Stock Transfer and asked Members if they had any questions.

Members asked questions in relation to: the types of customer in housing arrears; the figures for rent arrears; the return rate of the Star Surveys; the types of customer that had been contacted as regards the impact of Welfare Reform; further information as regards "Silvertalk"; the number of evictions and reasons why tenures end; whether the improvements made by the organisations could be maintained through the Stock Transfer process; information as regards air source heat pumps and their use; the Star Survey figures for DVH; and the source of the funding for new build homes for DVH.

Officers explained that all types of customers were represented in those with rent arrears and arrears occurred across all types of tenure. It was noted that rent arrears figures were: 2.8% for EDH, 2.5% for DCH and 2% for DVH. The Committee noted that around a third of Star Surveys were returned, however, the survey was one method of engaging with customers including: tenancy audits; visits to tenants' homes on issues such as welfare reform and stock transfer; tenants' panels; mystery shoppers; tenants' scrutiny and tenancy visits for new tenants.

Officers noted that tenants of all circumstances had been in touch as regards welfare reform, those in employment, those in receipt of benefits, those with families and across tenure types. It was explained that those on low income were particularly susceptible to impact, with many part-time contracts being affected in respect of their hours, having an impact upon any benefits. Members were informed that any current situation was a "snapshot" and that each as tenants' situations may differ, different solutions for each would be required. The Manager, DCH noted about 15% of tenants were affected by the spare room subsidy, and that while the majority were coping for now, increases in energy prices may impact on this. The Chief Executive, DVH noted that regular reports on the impact of welfare reform were given at the DVH Board including issues such as demand, the Tenancy Sustainability Service and debt advice.

The Manager, DCH noted that the Silvertalk programme was in partnership with Derwentside Homes and had involvement from the AAP and local CAB, utilising national lottery funding. It was added that the programme had been in operation for approximately 1 year with volunteers offering their time to speak to older and vulnerable people who may not get the chance to speak to people during the course of their routine. It was explained that training for volunteers was via the CAB and that the volunteers were able to offer some advice on many issues those tenants may have and signpost to other organisations where appropriate.

The Manager, DCH noted that while 18 evictions had taken place, the Council's Housing Solutions Team would always work to try and sustain a tenancy, with eviction being a last resort. It was added that there was not one specific reason why the numbers of people leaving their tenancy had increased, rather reasons included the cumulative effect of welfare reform changes, increasing energy costs and the rise in the cost of living. Other scenarios included older people moving into residential care, people moving closer to or back in with family and those "downsizing" to smaller properties.

Members were reminded that Warm Homes Discounts relating to energy saving works were administered by Energy Companies and would be applied for directly with those companies.

The Housing Directions Manager noted that the Stock Transfer process had taken on board the wishes of tenants to preserve the identities and best practice of the 3 organisations and this was reflected in the proposals for 3 companies within 1 group, which offered opportunities for better lending options and shared efficiencies.

The Manager, DCH explained that air source heat pumps had been used at a block of flats in Esh Winning and that there had been a period of adjustment for tenants as regards the best use of the technology.

It was added that challenges existed and the equipment was expensive to install, however, tenants saw improvement in relating to energy bills. It was noted that the example mentioned was a pilot scheme in partnership with British Gas. The Chief Executive, EDH noted the technology was a good option for properties off the main gas network, there were options to monitor use and advise tenants if they were maximising the benefits of the system, and there was potential to have “feed-in tariff”. The Chief Executive, DVH reiterated the use of such technology “off network” and added that in conjunction with other technologies such as solar hot water and photovoltaic cells it was possible to effect a positive saving, especially for those in rural settings where fuel poverty can be a major issue.

The Chief Executive, DVH noted that the overall satisfaction figures from the Star Survey had shown an increase, with individual elements showing some slight decreases. It was added that upon looking into issues, there was a trend in environment issues rather than with the properties themselves. Members noted that the timing of surveys also effected results and feedback and that also where there are slight changes in figures, these are not statistical significant. The Chief Executive, DVH noted that the funding for the new build project as described came from the final tranche of funding from the last Government, with a proportion from DCC in addition.

The Chairman thanked all the Officers for their attendance and noted the strong foundation that had been established by the organisations in preparing for the future in respect of the changes in legislation and welfare.

Resolved:

That the Members of the Economy and Enterprise Overview and Scrutiny Committee note the Annual Reports and presentations in respect of Durham City Homes, Dale and Valley Homes and East Durham Homes.

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**Economy and Enterprise Overview
and Scrutiny Committee**

9 December 2013



**Regeneration and Economic
Development: Quarter 2 Revenue and
Capital Forecast 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 September 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 - £43.507m (original £41.801m)*
- *Housing Revenue Account - £65.186m*
- *RED Capital Programme – £104.578m (original £98.668m)*

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

- Contribution to 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 for purchase of annual leave -£31k
- Reduction in stationary budgets -£36k
- Increase in Assets budget relating to security at former Whinney Hill School +£83k
- Use of RED Cash Limit +£326k
- Use of Strategic Reserve for redundancies +£26k
- Use of Durham City Vision Reserve +£29k
- Use of Performance Reward Grant Reserve +£134k
- Use of Visit County Durham Reserve +£53k

- Use of Employment and Skills Reserve +£164k
- Use of Repossession Reserve +£40k
- Use of Housing Solutions Reserve +£284k
- Use of Growth Point Reserve +£16k
- Use of Town Team Partners Reserve +£20k
- Use of Funding and Programme Reserve +£45k
- Use of Planning Reserve +£435k
- 1% increase for pay award +201k
- Transfer of budget relating to corporate highways savings -£25k
- Transfer of budget to CAS regarding Fleet recharge -£50k

The revised General Fund Budget now stands at £43.507m.

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 **£0.424m** against a revised budget of **£43.507m**.
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	29,069	15,578	29,694	625	6	631
Premises	2,748	2,671	2,819	71	-	71
Transport	1,347	501	1,147	-200	-3	-203
Supplies and Services	11,132	5,110	10,851	-281	-172	-453
Agency and Contracted	19,838	8,226	20,252	414	147	561
Transfer Payments	200	1	9	-191	-6	-197
Central Costs	8,278	731	9,004	726	-	726
GROSS EXPENDITURE	72,612	32,818	73,776	1,164	-28	1,136
INCOME	-29,105	-15,610	-30,987	-1,882	322	-1,560
NET EXPENDITURE	43,507	17,208	42,789	-718	294	-424

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	1,845	1,115	1,765	-80	-5	-85
Economic Development & Housing	8,108	3,028	7,784	-324	375	51
Planning & Assets	6,841	3,680	6,226	-615	-27	-642
Transport & Contracted	18,225	8,549	18,526	301	-49	252
Central Managed Costs	8,488	836	8,488	0	-	0
NET EXPENDITURE	43,507	17,208	42,789	-718	294	-424

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

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
Strategy Programmes Performance	Management	Minor Variance	(2)	(85)
	Strategy, Policy, Partnerships & Support	£55k underspend on employees mainly due to two vacancies and a secondment to Association of North East Councils. £6k underspend on supplies.	(61)	
	County Durham Economic Partnership	Minor Variance	(5)	
	Planning & Performance	£13k underspend on employees due to maternity savings. £2k underspend on supplies.	(15)	
	Funding and Programmes	Minor Variance	(2)	
Economic Development & Housing	Head of Economic Development	Minor Variance	3	
	Physical Development	£15k underspend on employees due to vacant post £9k underspend on transport £5k underspend on general supplies & services	(29)	
	Visit County Durham	£30k overspend on employees	30	
	Business Durham	£40k overspend on employees partly attributable to the handover period of the Managing Director post £16k overspend on premises due to delay in sale of Enterprise Place £77k overspend due to previous year's debts written off £43k under achieved income on business units £38k underspend on general supplies	138	
	Economic Development	Minor Variance	0	

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
	Housing Solutions	Minor Variance	(16)	
	Housing Regeneration	£48k underspend on employees due to savings on 3 part time posts and manager leaving mid year £6k underspend on transport £21k underspend on general supplies	(75)	
				51
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Minor Variance	(5)	
	Spatial Policy	£2k underspend on employees £16k underspend on transport £19k underspend on general supplies & services	(37)	
	Development Management	£78k underspend on employees due to staff turnover £68k underspend on transport £22k underspend on advertising £120k overspend on computer software (awaiting implementation of single planning system) £19k agreed overspend on Windmill compensation claims £18k underspend on general supplies & services £20k underspend on legal costs due to some inquiry costs being reclaimed £452k over achieved income partly due to a number of major applications i.e. Hitachi	(519)	
	Building Control	£87k underspend on employees due to staff turnover £20k underspend on transport £12k underspend on training £30k underspend on general supplies & services £60k underachieved building control fees	(90)	
	Environment & Design	£57k underspend on employee costs due to vacant posts and T.A. leave £26k underspend on transport £25k underspend on external fees relating to ecology work £56k underspend on general supplies & services £25k agreed additional spend on Romany Hut and Binchester Outreach Project £15k agreed overspend on public realm survey £18k over achieved income from RENERGY not budgeted £10k under achieved income re ecology surveys and energy certificates	(132)	
	Assets	£20k underspend on employees due to maternity leave and staff turnover £5k underspend on transport £4k overspend on supplies & services £36k under achieved income relating to empty shop at Newgate Street Bishop Auckland £48k under achieved income relating to empty units at the Brackenhill Centre, Peterlee £125k overspend on vacant units at Millenium Square Durham due to NNDR costs and under achieved rental income £36k underspend on premises costs relating to surplus properties £6k overspend on various other properties	141	(642)

Head of Service	Service Area	Description	(Under) / Overspend	(Under) / Overspend
		£9k over achieved income relating to licences on surplus land £8k over achieved income due to unbudgeted New Burdens grant		
Transport	Head of Transport	Minor Variance	5	
	Traffic	£25k overspend on employees due to unmet vacancy savings £11k underspend on bus shelter repairs £12k underspend on various supplies and services £287k overspend due to increases in contract costs and ad hoc work undertaken by NSL on behalf of the council £30k overspend relating to additional advertising on Park & Ride buses for events such as Lumiere and Lindisfarne Gospels £10k overspend on redundancy costs for NSL staff £40k overspend relating to extra buses being supplied to cover events such as Lumiere and Lindisfarne Gospels £8k over achieved income due to provision of accident data and signs	361	
	Sustainable Transport	£35k underspend due to salary and agency payment savings £4k overspend on premises, transport and supplies and services £158k underspend in bus contract payments due to new contracts being negotiated in 13-14 £9k under achieved income due to reduced claims for Bus Service Operators Grant (BSOG) £36k under achieved income in recharge to CAS - Adults for Fleet costs £30k under achieved income in recharge to CAS - Childrens for Fleet costs	(114)	
	Supported Housing	£284k overspend on employee costs due to overtime payments to cover vacancies and sickness cover £19k underspend on training costs £13k underspend on premises repairs £7k underspend on transport costs £142k underspend on equipment purchases £30k underspend on telephones infrastructure costs £14k underspend on various supplies and services and recharges £59k over achieved income due to increased private paying customers	0	
				252
Central	Central Costs	No Variance		0
TOTAL				(424)

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 £931k towards the capital programme.

Housing Revenue Account	Budget £'000	Forecast Outturn £'000	Variance £'000
Income			
Dwelling Rents	(63,633)	(63,205)	428
Other Income	(1,449)	(1,409)	40
Interest and investment income	(104)	(104)	0
	(65,186)	(64,718)	468
Expenditure			
ALMO Fees	16,469	16,469	0
Repairs, Supervision and Management Costs	12,203	12,389	186
Depreciation	7,850	7,850	0
Interest Payable	12,447	10,862	(1,585)
Revenue contribution to capital programme	16,217	17,148	931
	65,186	64,718	(468)
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**:
- Dwelling Rents £428k reduced income** – this results from an anticipated increase in “Right to Buy” sales and an increase in the void rate across all three housing management areas;
 - Charges for Services £48k reduced income** – this results from reduced income on garden tidies, furniture packs and intruder alarms in the Durham City area;
 - General Supervision & Management £130k overspend** – this results from the Customer Service charge for Durham City Homes being higher than the original budget;
 - Special Supervision and Management £20k underspend** – this results from general efficiency savings on the running expenses of Communal Halls in the Durham City area;

- e) **Rents , Rates and Taxes £76k overspend** – this is an increase in Council Tax charges resulting from increased voids;
- f) **Interest Payments £1,585k underspend** – this results from a lower interest rate and lower outstanding loan debt than originally anticipated;
- g) **Revenue Support to Capital £931k surplus** – the balancing item on the HRA which identifies the potential resources available to support the capital programme and reduce our reliance on borrowing.

Capital Programme

- 12. The RED capital programme makes a significant contribution to the Regeneration ambitions of County Durham. The programme is relatively large and comprises 222 individual schemes managed by 36 project monitoring officers.
- 13. The Regeneration and Economic Development capital programme was revised at Outturn for budget re-phased from 2012/13. This increased the 2013/14 original budget. Further reports to the MOWG in 2013/14 detailed further revisions, for grant additions/reductions, budget transfers and budget re-profiling into later years. The revised budget now stands at **£104.578m** - consisting of **£48.996m** for the General Fund and **£55.582m** for the HRA.
- 14. Summary financial performance to the end of September is shown below.

Service	Original Annual Budget 2013/14 £000	Revised Annual Budget 2013/14 £000	Actual Spend to 30 September £000	Remaining Budget £000
General Fund	49,318	48,996	13,244	35,752
HRA	49,350	55,582	17,836	37,746
Total	98,668	104,578	31,080	73,498

- 15. Actual spend for the first six months amounts to **£31.080m** – consisting of **£13.244** for the General Fund and **£17.836m** for the HRA. **Appendix 3** provides a more detailed breakdown of spend across the major projects contained within the RED capital programme.
- 16. For the General Fund programme, actual spend to 30th September amounts to £13.244m. The key areas of spend to date have been on Barnard Castle Vision (£1.296m), Durhamgate (£0.736m), Industrial Estates (£1.131m), Town Centres (£0.878m), Housing Renewal (£1.335m), Financial Assistance Programme (£0.921m), Structural Capitalised Maintenance (£1.901m), and the Local Transport Plan (£2.069m). Other areas of the programme are profiled to be implemented during the remainder of the year.
- 17. The HRA programme is being significantly supported with £19m of Homes and Communities Agency Decent Homes Backlog Grant funding. In the first six months of the financial year a total of 1,529 properties have been brought up to the Decent Homes standard.

18. At year end actual outturn performance will be compared against the revised budget and project managers will need to account for any budget variance.

Recommendations:

19. The Economy and Enterprise Overview and 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 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)	(63,205)	428	a
Non Dwelling Rents: – Garages	(954)	(962)	(8)	
– Shops/Other	(121)	(121)	0	
Charges for Services and Facilities	(374)	(326)	48	b
Total Income	(65,082)	(64,614)	468	
Expenditure				
ALMO Management Fee	16,469	16,469	0	
Repairs and Maintenance	4,353	4,353	0	
Supervision and Management - General	4,400	4,530	130	c
Supervision and Management - Special	491	471	(20)	d
Rent, Rates, Taxes and Other Charges	310	386	76	e
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	35,221	186	
Net Cost of HRA Services per I&E Account	(30,047)	(29,393)	654	
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)	(27,906)	654	
Interest Payable and Similar Charges	12,447	10,862	(1,585)	f
Direct Revenue Financing (Contribution to Capital)	16,217	17,148	931	g
Interest and Investment Income	(104)	(104)	0	
(Surplus)/Deficit for Year	0	0	0	
HRA Reserves	7,154	7,154		
Stock Options Reserve	500	0		
Durham City Homes Improvement Plan	650	550		

Appendix 3: RED Capital Programme 2013-14

	Revised Annual Budget £000	Profiled Budget £000	Actual Spend to 30 Sept £000	Remaining Budget £000
General Fund				
Economic Development & Housing				
Barnard Castle Vision	2,011	1,644	1,296	715
Durhamgate	1,209	706	736	473
Industrial Estates	3,198	1,130	1,131	2,067
North Dock Seaham	142	152	132	10
Office Accommodation	1,322	192	192	1,130
Town Centres	3,375	869	878	2,497
Urban and Rural Renaissance Programme	190	28	37	153
Minor Schemes	1,248	171	72	1,176
Disabled Facilities Grant /FAP (1)	4,059	921	921	3,138
Gypsy Roma Travellers	3,353	616	628	2,725
Housing Renewal	5,738	1,453	1,335	4,403
Cricket Club	2,800	400	400	2,400
Planning & Assets				
Renewable Energy Schemes	1,693	172	172	1,521
Structural Capitalised Maintenance	5,865	2,000	1,901	3,964
Woodham Community Tech College	750	0	0	750
Minor Schemes	810	385	352	458
Transport & Contracted Services				
Local Transport Plan	4,954	2,085	2,069	2,885
Transport Corridors	1,116	55	55	1,061
Transport Major Schemes	2,535	688	691	1,844
Transit 15	1,250	23	24	1,226
CCTV	483	0	0	483
Minor Schemes	250	222	222	28
Strategy & Programmes Minor Schemes				
	645	28	0	645
General Fund Total	48,996	13,940	13,244	35,752
Housing Revenue Account (2)				
Durham City Homes	13,906	6,935	5,782	8,124
Dale and Valley Homes	8,000	4,000	3,580	4,420
East Durham Homes	32,664	16,332	8,319	24,345
Mortgage Rescue	200	0	0	200
New Build	500	0	0	500
Housing Demolitions & Regeneration	312	167	155	157
Housing Revenue Account Total	55,582	27,434	17,836	37,746
RED Total	104,578	41,374	31,080	73,498

(1) Financial Assistance Programme

(2) HRA actual spend includes accruals for Housing Providers

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9 December 2013

**Quarter 2 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 second quarter of 2013/14.

Background

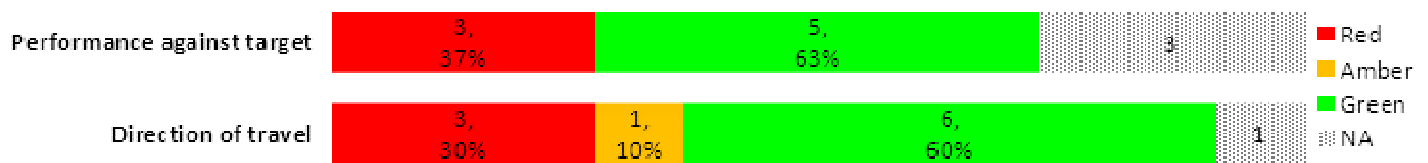
2. This is the second quarterly corporate performance report of 2013/14 for the council highlighting performance for the period July to September 2013. The report contains information on key performance indicators, risks and Council Plan progress.
3. The report sets out an overview of performance and 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. There is 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 of activity driven by the economic situation and national policy changes such as welfare reform. Analysis of some key measures is available at Appendix 4.

Altogether Wealthier: Overview

Target Performance indicators



Tracker Performance indicators



Actions



Council Performance

6. Key achievements this quarter include:

- a. During quarter 2, an additional 43 apprenticeships have been started through county council schemes. This brings the total number since April 2013 to 71, which is ahead of the period target of 64. The revised criteria of the apprenticeship programme have seen an upsurge in enquiries and employment opportunities for apprenticeships started through Durham County Council schemes.
- b. The number of private sector properties improved as a consequence of local authority intervention has increased from 203 in quarter 1 to 256 in quarter 2. Since April 2013, 459 properties have now been improved. Performance is better than the target of 357, although not as good as at the same time last year, when 677 properties had been improved.
- c. The targeted approach to bringing empty homes back into use has continued in quarter 2 resulting in a further 21 properties being brought back into use. This brings the total properties brought back into use since April 2013 to 52. Performance is better than the target of 33 and is an improvement of 92% compared to 12 months earlier, when 27 properties had been brought back into use.
- d. During quarter 2, 243 properties were made decent in East Durham reducing the non-decency level from 36% in quarter 1 to 31.9% this quarter. This represents an improvement of 19 percentage points from the same period last year and shows progress towards the target of 25% at the end of the financial year. The percentage of non-decent Durham City Home properties has reduced from 13.5% at quarter 1 to 7% at quarter 2. Non decency levels in Dale and Valley Homes have reduced from 15.6% last quarter to 14.8% this quarter. Both Durham City Homes and Dale and Valley Homes are on track to meet their 0% target at the end of the financial year.
- e. The estimated number of visitors to the main tourist attractions in Durham City has increased from 121,626 in quarter 2 2012/13 to 298,698 in quarter 2 this year, an increase of 146%. Visitor numbers to attractions in the county have increased by 16%, from 1,433,272 to 1,665,324 for the corresponding periods. The increased numbers can be attributed to the excellent summer weather and events such as the Gospels, Streets of Durham and Brass festivals, together with the Ashes. Partners hailed the Lindisfarne Gospels Exhibition a resounding success with over 97,000 tickets sold, 20,000 children taking part in learning sessions and hundreds of events being staged at venues spanning the region. Feedback from businesses suggests that it has had a significant benefit to the local economy.

- f. Good progress has been made with the following Council Plan and service plan actions:
- i. Delivery of Durham City projects. The former ice rink site has been demolished and construction has commenced on the National Savings and Investments office. Work has been completed in relation to transport modelling for the Western and Northern relief roads which will inform the public consultation on the County Durham Plan. A new design for the extension to the park and ride site at Sniperley has been agreed.
 - ii. Delivery of transport priorities in East Durham. Work to construct the Horden link road is now complete. In relation to the design and plan of a new railway station at Horden, consultants are developing a timetabling review.
 - iii. Development of the County Durham Plan (CDP). The Statement of Consultation for Preferred Options has been completed. Formal consultation of the draft CDP submission commenced on 14th October 2013. The Infrastructure Delivery Plan will be published alongside the CDP submission draft consultation and will be refreshed annually thereafter.
 - iv. Preferred options for the future of council housing. The council's response to the draft transfer manual was submitted in August with the final manual expected in November 2013. Informal consultation with tenants from the three housing management areas took place across the summer with 300 tenants attending.
7. The key performance improvement issues for this theme are:
- a. The number of affordable homes delivered has increased from 60 last quarter to 78 this quarter. Performance is below the target of 87, but represents an improvement when compared to quarter 2 2012/13 when 71 homes were delivered.
 - b. The percentage of major planning applications determined within 13 weeks remains below the 71% target. Performance has improved from 66.7% last quarter to 67.4% this quarter and is an improvement of 6.6% from last year, when 63.2% of applications were determined within 13 weeks. Performance is better than the national and North East averages of 57% and 63% respectively, although not as good as the nearest statistical neighbours (70%). More major planning applications have been submitted showing an increasing trend from 19 in quarter 2 2012/13 to 43 this quarter. The number of planning applications received against all categories has fallen from 798 last quarter to 762 this quarter, although this remains higher than at the same period last year (734 applications) (see Appendix 4, Chart 1).
 - c. Key Council Plan actions behind target in this theme include:
 - i. Completion of a Regeneration Framework for Durham City by July 2013. The deadline date for this has now been revised to April 2014 as it has been agreed that this project will be realigned to the timescales of the County Durham Plan consultation.
 - ii. Deliver traffic priorities in Durham City, linking traffic signals to develop more effective flows of traffic, including the use of technologies to reduce congestion on the network by December 2015. There has been no progress in relation to the introduction of Urban Traffic Management Solutions since quarter 1, when this was also highlighted as being behind target.
 - iii. Deliver a programme of transport capital works across the county, including Bishop Auckland rail station by September 2013. This has been delayed until November 2013. The main station works at Bishop Auckland Railway are complete and a tenancy agreement has been signed. Final fit-out works are on-going and the official opening will take place at the end of November 2013.

- iv. Develop sustainable travel plans for the key employment sites across County Durham including improved transport links to the Hitachi site at Newton Aycliffe by September 2013. The deadline for this action has been changed to March 2014 following further in depth service planning discussions within the RED service grouping.
 - d. Another area for improvement in the Council Plan is to deliver physical improvements to Barnard Castle town centre (Teesdale bridge). This action has been delayed and work is ongoing.
8. Tracker indicators for this priority theme (see Appendix 3, table 2) show:
- a. The number of people in employment has increased by 4,800 since the last quarter, from 223,500 to 228,300. This represents an increase in the employment rate from 65.8% reported last quarter to 67.1% at the end of June 2013 and compares favourably with the regional rate of 66%. Although this remains below the national rate of 72.8% the proportion of the working age population in employment has improved from 65.7% for the same period last year. The proportion of the working age population currently not in work who want a job has also improved slightly, falling from 16.40 % to 15.49%. This represents an improvement from quarter 2 2012/13 (15.79%) but remains below both the national and North East figures of 11.51% and 14.04% respectively.
 - b. The proportion of Job Seekers Allowance (JSA) claimants claiming for one year or more continues to rise, from 34.54% last quarter to 36.12% this quarter, although the actual number of long term claimants has fallen from 4,970 in June to 4,740 in September. This is worse than both the North East (35.9%) and national rates (26.8%).
 - c. The number of 18 to 24 year olds claiming JSA remains high although this is continuing to decrease, from 4,435 last quarter to 4,255 this quarter. The youth unemployment level has improved 22% from the same period last year, when there were 5,465 claimants.
 - d. The latest 2011 national figures for the proportion of children in low income families (children in poverty) show that County Durham rates remain the same as 2010 at 23%. The rate for County Durham is worse than the national average of 20.6%, although it is better than the North East rate of 24.5%. The latest local measure (February 2013) shows the level for County Durham as 24.7%.
 - e. The number of passenger journeys on the Durham City Park and Ride has increased by 26% from 276,843 in quarter 2 2012/13 to 325,347 this quarter. Peak usage was in August when 113,979 passengers used the service during the month.
 - f. The total number registered on the Durham Key Options system who have been rehoused (which includes existing and new tenants) has increased again from 1,088 in quarter 1 to 1,224 in quarter 2 (see Appendix 4, Chart 2).
 - g. The number of net homes completed has decreased by 43% from 290 last quarter to 165 this quarter. Although there were 232 gross completions, this number was reduced due to 67 demolitions. Of the 165 completions, 114 were located within the county's major settlements (69.09%). This represents an increase from 43.1% last quarter and 60.22% for same period last year. The number of homes completed in Durham City fell from 14 in quarter 1 to 11 in quarter 2. A large number of housing sites with planning permission are being implemented and government incentives are making it easier for first time buyers.
 - h. All of the homelessness indicators are showing a positive year on year trend. The number of homeless housing solutions presentations has fallen again from 1,519 last quarter to 1,437 this quarter. However the overall number of presentations between April to September 2013 (2,956) has only slightly reduced from the same period last year (3,083) (see Appendix 4, Chart 3).

- i. The proportion of statutory homeless applications has increased slightly from 14.35% last quarter to 15.17% this quarter. This compares with 18.5% at quarter 2 2012/13 and represents an annual reduction from 314 cases to the current 218. There has been an increase in the proportion of homeless applicants accepted with a full homeless duty from 3.36% (51 applicants) in quarter 1 to 3.83% (55 applicants) this quarter. This represents an improvement of 41% when compared to the same period last year (6.5%). Whilst the number of presentations has decreased, preventions have increased from 20.93% (318) in quarter 1 to 24.57% (353) this quarter.

9. There are no key risks in delivering the objectives of this theme.

Recommendations and reasons

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

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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	71	Apr - Sept 2013	64	Not comparable [2]	89	Not comparable [1]			
2	Percentage achievement rate of all enrolments on adult learning courses	92	2012/13 ac yr	92.0	GREEN	96.5	RED	91.7 GREEN		2010/11 ac yr
3	Number of affordable homes delivered	78	Jul - Sept 2013	87	RED	71	GREEN			
4	Number of private sector properties improved as a direct consequence of local authority intervention	459	Apr - Sept 2013	357	GREEN	677	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.	52	Apr - Sept 2013	33	GREEN	27	GREEN			
6	Proportion of Dale and Valley Homes properties currently not meeting decency criteria	14.8	As at Sept 2013	0	Not comparable [2]	1.9	RED	36.4 Not comparable	4.4** Not comparable	2011/12
7	Proportion of Durham City Homes properties currently not meeting decency criteria	7.0	As at Sept 2013	0	Not comparable [2]	7.0	AMBER	36.4 Not comparable	4.4** Not comparable	2011/12

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	31.9	As at Sept 2013	25.0	RED	51.0	GREEN	36.4 Not comparable	4.4** Not comparable	2011/12
9	Percentage of council owned factories and business support centre floorspace that is occupied	75	As at Sept 2013	75.0	GREEN	74.0	GREEN			
10	Percentage of major planning applications determined within 13 weeks	67.4	Jul - Sept 2013	71.0	RED	63.2	GREEN	57.0 GREEN	70** RED	Apr - Jun 2013
11	Overall proportion of planning applications determined within deadline	88.5	Jul - Sept 2013	85.0	GREEN	79.8	GREEN			

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

[\[2\] Annual target](#)

Table 2: Key Tracker Indicators

Page Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier										
98	Number of the top retailers represented in Durham City	13	As at Sept 13	13	AMBER	15	RED			
99	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	As at Sept 2013	73.58	AMBER	78.71	RED			
100	Number of visitors to the main tourist attractions in Durham City.	298,698	Jul - Sept 2013	99,687	Not comparable [3]	121,626	GREEN			
101	Number of passenger journeys recorded by the operator of the 3 Durham City Park and Ride sites	325,457	Jul - Sept 2013	258,786	GREEN	276,843	GREEN			
102	Number of all new homes completed in Durham City	11	Jul - Sept 2013	14	RED	8	GREEN			
103	All homes completed in and near all major settlements, as defined in the County Durham Plan, as a proportion of total completions	69.09	Jul - Sept 2013	43.10	GREEN	60.22	GREEN			
104	Proportion of properties within the county that are within council tax band D and above as provided by the District Valuation Office	14.86	As at Sept 2013	14.83	GREEN	14.74	GREEN			

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
105	Total number of planning applications received against all categories	762	Jul - Sept 2013	798	RED	734	GREEN			
106	Total number of major planning applications received	43	Jul - Sept 2013	39	GREEN	19	GREEN			
107	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			
108	Proportion of the working age population defined as in employment	67.1	Jul 2012 - Jun 2013	65.8	GREEN	65.7	GREEN	72.8 RED	66* GREEN	Jul 2012 - Jun 2013
109	Number of Jobseeker's Allowance (JSA) claimants aged 18-24	4,255	As at 12 Sept 2013	4,435	GREEN	5,465	GREEN			
110	Proportion of all Jobseeker's Allowance (JSA) claimants that have claimed for one year or more	36.12	As at 12 Sept 2013	34.54	RED	29.10	RED	26.80 RED	35.9* RED	As at Aug 2013
111	Percentage of children in low income families (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
1	Percentage of children in low income families (national annual measure) (Also in Altogether Better for Children and Young People)	23.0	2011	23.0	AMBER	23.0	AMBER	20.6 RED	24.5* GREEN	2011

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
113	Proportion of the working age population currently not in work who want a job	15.49	Jul 2012 - Jun 2013	16.40	GREEN	15.79	GREEN	11.51 RED	14.04* RED	Jul 2012 - Jun 2013
114	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 RED	50.9* RED	2012
115	Number of net homes completed	165	Jul - Sept 2013	290	RED	181	RED			
116	Total number of those registered on the Durham Key Options system who have been rehoused (includes existing tenants and new tenants)	1,224	Jul - Sept 2013	1,088	GREEN	1,063	GREEN			
117	Number of preventions as a proportion of the total number of housing solutions presentations	24.57	Jul - Sept 2013	20.93	GREEN	17.50	GREEN			
118	Number of statutory homeless applications as a proportion of the total number of housing solutions presentations	15.17	Jul - Sept 2013	14.35	RED	18.50	GREEN			
119	Number of homeless acceptances (of a statutory duty) as a proportion of the total number of housing solutions presentations	3.83	Jul - Sept 2013	3.36	RED	6.50	GREEN			
120	Total number of housing solutions presentations	1,437	Jul - Sept 2013	1,519	GREEN	1,701	GREEN			

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
121	Number of passenger journeys made by concessionary bus pass holders	2,567,198	Jul - Sept 2013	2,350,000	GREEN	2,547,680	GREEN			
122	Number of passenger journeys made on the Link2 service	8,425	Jul - Sept 2013	8,183	GREEN	8,180	GREEN			
123	Number of trips made using council funded community transport	11,515	Jun - Sept 2013	12,906	RED	43,766	Not comparable [4]			
124	Number of local passenger journeys on the bus network	6,090,735	Jul - Sept 2013	5,884,111	GREEN	5,953,212	GREEN			
125	Number of visitors to the main attractions in County Durham	1,665,324	Jul - Sept 2013	1,326,220	Not comparable [3]	1,433,272	GREEN			
126	Number of tourism businesses actively engaged with Visit County Durham	Not reported	Not reported	89	Not comparable [3]	47	GREEN			
127	Businesses engaged with/assisted (all sectors)	102	Jul - Sept 2013	296	RED	112	RED			
128	Number of new business start-ups as a result of receiving business assistance	11	Apr - Jun 2013	6	Not comparable [5]	NA	NA			

[\[3\] Due to seasonal changes data is not comparable with the previous quarter](#)

[\[4\] Due to changes to the indicator previous year's data is not comparable](#)

[\[5\] This is a new indicator and the data is cumulative](#)

Chart 1 – Planning applications

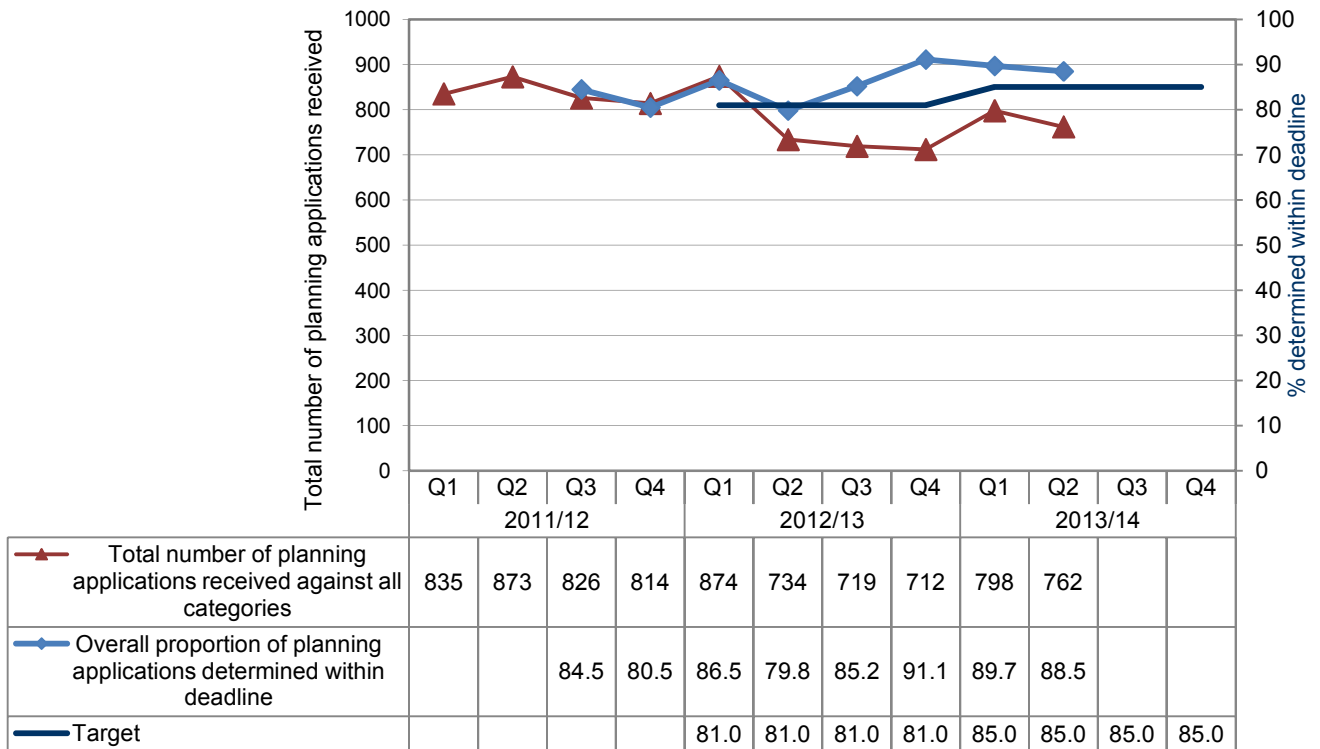


Chart 2 – Durham Key Options - total number of those registered on the Durham Key Options system who have been rehoused (includes existing tenants and new tenants)

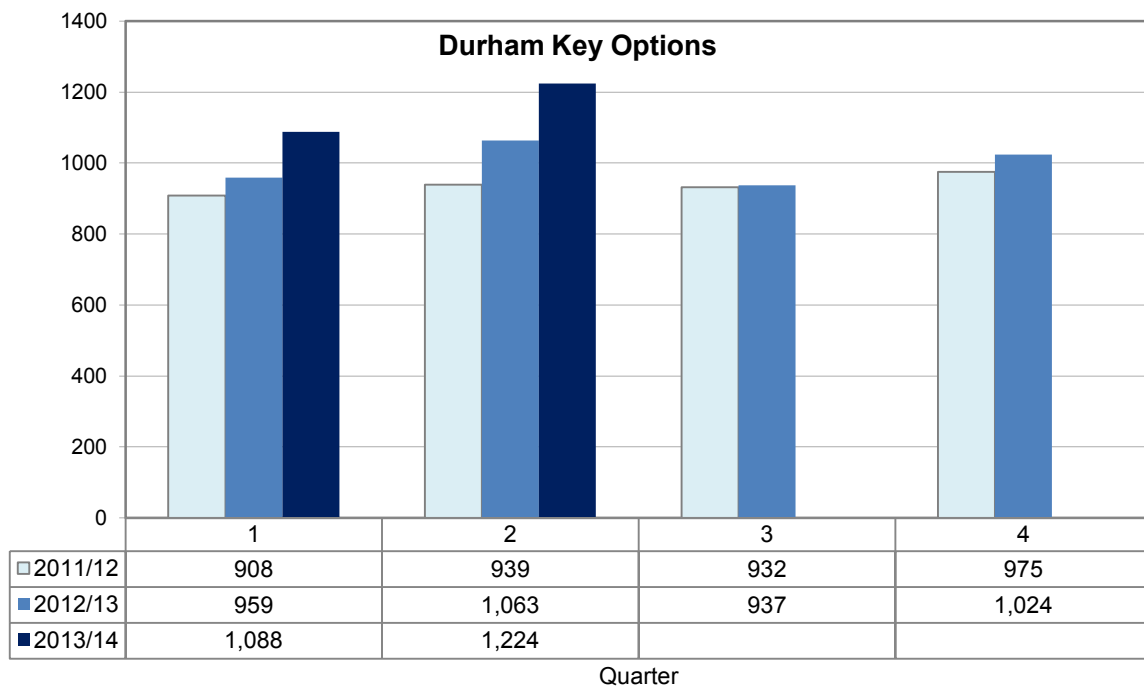
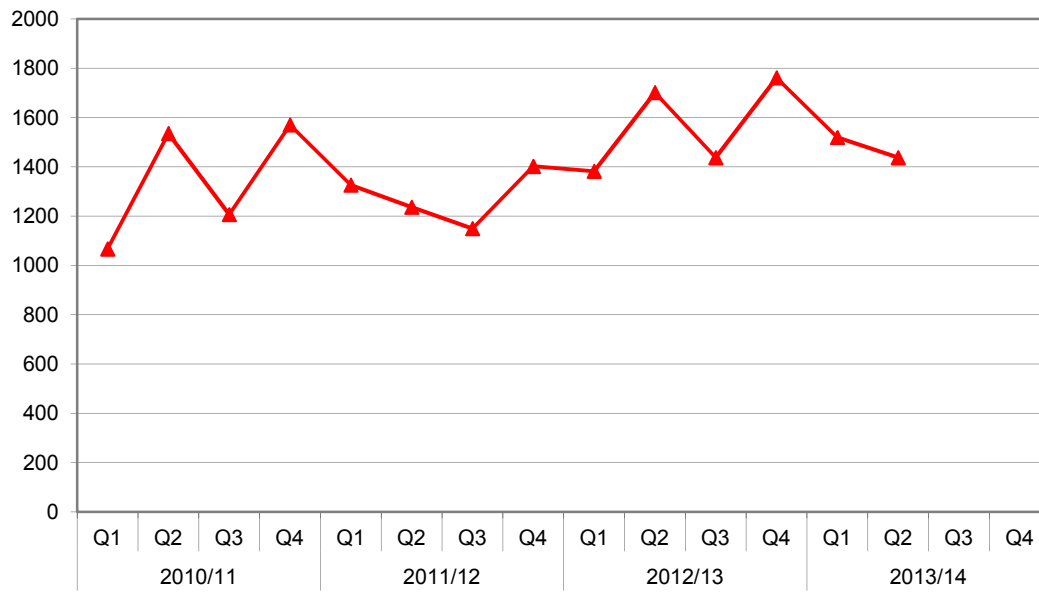


Chart 3 – Housing Solutions presentations



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Economy and Enterprise Overview and Scrutiny Committee

9 December 2013



Business Support and the Role of Business Durham

Report of 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 an update on the work and impact of Business Durham.

Background to Business Durham

- 2 The County Council established Business Durham in March 2012, bringing together County Durham Development Company and the Council's in-house Business Services team. Business Durham's principal focus is on building the environment to deliver economic and business growth. As the County Council's business facing arm, Business Durham aims to help businesses locate, stay, grow and diversify in Durham with a view to creating more and better jobs. This performance will hopefully in turn positively impact on the economic challenges faced within Durham.
- 3 Business Durham's principal and proactive sector focus is on non-retail and non-leisure businesses. This equates to circa 9,500 businesses of the 14,800 PAYE/VAT registered businesses within Durham. Other teams within Regeneration and Economic Development Directorate (RED) focus on the other two sectors. The rationale for this emphasis, apart from operational efficiency, is due to the importance of these sectors for Durham's economy and the significant impact of activities supporting private sector job creation. For instance, and by way of example, in Durham mean salaries for Machine Operatives (c. 64,000 jobs) are £18,500, whilst Production Managers (c. 10,000 jobs) are £39,800; with an estimated GVA contribution per manufacturing employee in Durham of £65,550. When added together, the manufacturing, professional services, creative, scientific & technical and production sectors account for over 50% of the total number of employees in Durham.
- 4 The County Council's Cabinet recently supported the paper 'Assistance Given Towards Strategic Companies in County Durham.' This illustrates the importance of this sector to Durham and the willingness of this Local Authority to support companies which have such a positive impact on the County's economy in terms of jobs created, the high skill levels and salary level of these jobs which, in turn has a positive impact on the local communities with significant indirect job creation.
- 5 Since the last update to the Economic and Enterprise Scrutiny Committee there has been a change in Managing Director, with Stewart Watkins retiring after over 35 years of service. The new Managing Director is Simon Goon.

- 6 Business Durham has three main teams:
- The Business Space Team manages the Council's business property, with the eventual aim being to fully fund the rest of the services delivered by Business Durham.
 - The Innovation and Growth Team oversees the inward investment, strategic account management, the innovation agenda and the NETPark product.
 - The Business Development Team leads on enterprise activities for the County, working with Enterprise Agency partners. In addition, this team helps to support SMEs expand, grow and develop by working across three geographic areas, the East, North and South.
- 7 Business Durham has four principle objectives:
- Deliver financial sustainability.
 - Become more proactive in engaging with business and sector development activities.
 - Operate more effective and efficient networks within and out of the County.
 - Establish a greater evidence base to inform strategy development and measure impact.
- 8 Business Durham benefits from an Advisory Board, supported by Members and private sector board members to help advise, inform and support the operations of the team.
- 9 The current business plan is divided into the following six principle areas of activity and an update on each area is provided below.
- Encourage a more entrepreneurial culture
 - Encourage the growth and development of small and medium sized businesses
 - Support larger companies
 - Attract capital and inward investment to the County
 - Encourage and support the development of innovative, technology abased SMEs
 - Maximise the benefit of the County Council's stock of business property

ENCOURAGING A MORE ENTREPRENEURIAL CULTURE

- 10 Business Durham has been active in promoting enterprise and an entrepreneurial culture, through initiatives with schools, colleges and Durham University. Business Durham works closely with key partners, in particular the four Enterprise Agencies, referring 130 enquiries for business start-up advice during 2012-2013, and 54 enquiries to date for 2013-2014, as well as supporting a range of enterprise promotion initiatives.
- 11 One of the main ways in which Business Durham spreads the message of enterprise and helps develop enterprising skills in young people is through the Future Business Magnates (FBM) enterprise competition, which introduces over 200 young people per year to the principles of enterprise and connects County Durham businesses with schools. The competition runs throughout the academic year and involves students developing their own business and creating a comprehensive business plan. Each school team participates in six challenges which have a specific business focus. The 2013-14 competition has recently been launched at the Xcel Centre, Aycliffe Business Park, with 24 schools participating this year, and a theme of the 'Tomorrow's Technology solving Today's Problems' to encourage teams to use science, technology, engineering and maths skills in coming up with their business ideas. The competition contributes to longer term aim of increasing the number of successful business start-ups in the County, as well as providing a more enterprising future workforce for the County's businesses.

- 12 Examples of other enterprise promotion initiatives during the year have included supporting the Peter Jones Enterprise Academy at East Durham College, and Durham University's 'Blueprint' enterprise competition, as well as delivering enterprise workshops to 6th form students at Whitworth Park school and piloting a 'Get Creative' enterprise project with Sunnydale School.
- 13 In order to develop new creative businesses in the County, Business Durham, on behalf of the County Durham Economic Partnership, commissioned a programme of support comprising a range of workshops, coaching sessions and mentoring opportunities for people starting creative businesses throughout the County. The programme, which runs until December 2014, is delivered under the brand of 'Durham Creatives', and has resulted in 27 business start-ups so far.
- 14 Business Durham has carried out a successful outreach and engagement programme based around NETPark to raise awareness of careers in science, and build pride in NETPark as a major provider of highly skilled and high value employment opportunities, which contribute to a higher GVA. Originally branded as Project C, the programme was part-funded by ERDF and finished at the end of June 2012. It was considered a remarkable success, interacting with over 40,000 people in three years and so Business Durham decided to continue activity beyond the end of the ERDF programme. Rebranded as NETPark Brainwave, Business Durham has been able to retain a sustainable portfolio of activities with minimum investment. These activities include science days at local primary schools and supporting Durham University's science outreach, as well as events such as the Big Bang and the British Science Festival. In mid-July 2012, Brainwave@NETPark took place with an estimated 4,500 people attending over three days, including one school day and two public days. In 2013, the Innovation Space at NETPark Incubator, intended for school and community groups, was completed. Also in 2013, Business Durham introduced a series of teacher CPD days including space science, the science of the Lindisfarne Gospels, looking at the chemistry of pigments and the innovation involved in creating this work of art, and one based on the science of light, using Lumiere and local companies to explore how the curriculum can be enriched.
- 15 A number of business groups in County Durham have recently raised the importance of skills, training and apprenticeships, and the need to ensure young people are making informed choices about their future career opportunities. Business Durham has been leading a small 'task and finish' group on behalf of the County Durham Economic Partnership, to look into this issue and identify actions which will help to improve business education engagement. Meetings were held with business and school representatives, and surveys were carried out with schools and businesses to gather as many views as possible about current experiences with business education engagement and what could be improved. As a result of this work an action plan has been agreed by the County Durham Economic Partnership, which is now being implemented.

ENCOURAGING THE GROWTH AND DEVELOPMENT OF SMALL AND MEDIUM BUSINESSES

- 16 In terms of business growth and development, Business Durham's main role is to ensure that timely advice is available to businesses in the County, of whatever size, to assist with issues that they are facing. In addition to this, Business Durham proactively engages with businesses to understand their issues and identify business growth opportunities.
- 17 During 2012-13 Business Durham received a total of 769 enquiries, of which 130 were start-up enquiries and were referred through to the Enterprise Agencies in the County. 252 businesses were provided with assistance during the year, and 275 businesses were engaged with through specific events, projects and campaigns. So far for 2013-14 Business Durham has received 429 enquiries, of which 54 were start-up enquiries and were referred through to the Enterprise Agencies in the County. 112 businesses have been provided with assistance to date this year, and 139 businesses have been engaged with through specific events, projects and campaigns.
- 18 In order to improve engagement with businesses in the County, to develop a better understanding of the issues facing local businesses, and to identify potential opportunities, Business Durham has established business engagement groups for the major industrial estates in the County at Aycliffe, Peterlee and Consett.
- Aycliffe Business Park Community was established following discussions with a group of Aycliffe businesses about how the Business Park could be improved. A number of issues came out of those discussions but the key objective identified was the lack of a wider business community. In response to this the Aycliffe Business Park Community was established, led by a Steering Group of businesses. Business Durham has provided support to the Steering Group during the year and created a dedicated website for the Park. This not only helps to provide a stronger and more coherent voice for the businesses but encourages local trading and a way for the businesses to promote themselves. Over 100 businesses have now engaged with the initiative through the networking events that have been held.
 - Peterlee Industrial Estates Forum was established in August 2012, following the success of the model for Aycliffe. A range of issues affecting businesses have been identified and progressed, including timing of the A19 roundabout and piloting an approach to addressing the issue of travellers on industrial estates, which is now being adopted in other parts of the County. Businesses that have been attending are keen to further develop the Forum and a Steering Group is now being set up to take this forward.
 - Following the success of the Aycliffe and Peterlee groups, this approach to business engagement on key industrial estates is now being taken forward for North West Durham, with an initial meeting being held in September for business based on the industrial estates in North West Durham.
- 19 Business Durham is also playing a key role in the implementation of the Rural Growth Network Programme, following the North East being selected as one of five DEFRA-funded national pilots designed to test new ways of stimulating economic growth in rural areas. The £3.2 million project is expected to create up to 300 new jobs and support hundreds of businesses in Northumberland, Durham and Gateshead. Business Durham has worked closely with Northumberland and Gateshead Councils to ensure the successful set up and implementation of the Programme, providing the Chair for the Enterprise and Hubs Steering Group, and assisting with procurement of a contract to deliver enterprise support for the RGN area, which has been awarded to the NEEAL consortium of enterprise agencies.

- 20 Durham County Council has launched a Social Value Taskforce to help small businesses and social enterprises win more contract opportunities. Chaired by Councillor Neil Foster, and supported by Business Durham, the Taskforce will recommend ways that the Social Value Act can be used to help grow the local economy. It will also look at how the Council can embed the principles of the Act across everything the Council does. The Social Value Act came into force in January 2013 and places a duty on public bodies to consider social value before procuring goods and services. This means that public bodies must consider how what is being procured can help improve the economic, social and environmental well-being of the area.
- 21 The County Council has already made good progress in helping businesses in the County to access contract opportunities. In 2012/13, 55% of the Council's spend was with County Durham suppliers, and 77% of this amount was paid to SMEs in the County. The Social Value Taskforce provides an opportunity to build upon the good work the Council has already done and learn from best practice elsewhere in the country to further improve opportunities for businesses in County Durham. As well as representatives from DCC departments, the Taskforce also includes representatives from the Federation of Small Businesses, NEPO, Social Enterprise UK, PwC and experts on social accounting.

SUPPORTING LARGER COMPANIES

- 22 The Strategic Account Management Programme is a vital tool for business engagement for the County Council. In the past, our close relationship with companies has helped save jobs at companies such as Thorn, and Business Durham continues in this tradition of supporting major employers in the County. Some examples of recent assistance are given below:
- CA Group - a potential Knowledge Transfer Partnership was developed with Teesside University
 - Caterpillar - Regional Growth Fund guidance and supply chain diversification
 - Dyer Engineering - Let's Grow grant facilitation and support to the company when discussing expansion plans with DCC Assets
 - Ebac - new premises
 - Electrolux - access to finance
 - Fin Machine Company - helped redeploy redundant people to other companies
 - Gestamp Tallent - expansion to safeguard and create jobs, access to finance
 - GT Group - expansion to safeguard and create jobs
 - Hydram - expansion to safeguard and create jobs
 - Invertec - access to finance, winning new contracts
 - Lamplas - diversification into new markets
 - Polyphotonix - expansion into new premises
 - Romag - our introduction to Hitachi helped Romag secure a major contract to supply Hitachi Rail Europe
 - Seaward - support for expansion and move into another unit, and assistance with applications to Regional Growth Fund and the Low Emission Transport Collaborative Fund
 - Steetley Dolomite - expansion, access to finance
 - Thorn Lighting - Regional Growth Fund guidance.

Regional Growth Fund

- 23 During 2012/13, the Department of Business Innovation and Skills announced two more rounds (3 and 4) of the Regional Growth Fund. Business Durham promoted this scheme and actively supported companies in their applications. This provided grant support towards job creation projects, with a minimum grant intervention of £1m. In Round 3, successful companies were:
- Actem (UK) Limited of Peterlee which will invest in capital equipment to allow production of low level waste nuclear containers. £5.3M investment (£1.3M RGF3, 40 new jobs).
 - Caterpillar Peterlee which will expand its manufacturing capacity of articulated trucks. £11.3M investment (£1.2M RGF 3, 25 new jobs, 175 safeguarded jobs)
 - CAV Aerospace of Consett which is investing in R&D and new production equipment. £8.3M investment (£1.4M RGF 3, 78 new jobs, 105 safeguarded jobs)
 - Ebac Group of Newton Aycliffe which will establish a new production facility to manufacture a range of domestic washing machines and refrigerator. £7M investment (£1M RGF 3, 100 new jobs)
 - NSK Bearings Europe which will invest in new production lines, a new furnace and an extension to an existing warehouse. £23.5M investment (£3.5M RGF 3, 40 new jobs)

Let's Grow

- 24 Business Durham has also been very active in supporting applications to Let's Grow, a £30m Regional Growth Fund programme to provide grant support towards job creation projects, with a minimum grant intervention of £50,000. Let's Grow is a grant scheme co-ordinated by the Business Enterprise Group, The Journal (Trinity Mirror Group) and accountants UNW. It was successful in attracting £30m Regional Growth Fund from the Department of Business Innovation and Skills (BIS) in 2012.
- 25 The scheme has been operational since February 2013 and an analysis of grants awarded by local authority area shows that from Rounds One and Two, County Durham has been awarded the most grants. An analysis including Round Three shows that there are currently 11 live projects from companies in County Durham with a total project value of over £50M and a grant value of over £6.5M which has created and safeguarded 667 jobs.
- 26 Considering that Durham County Council has supported Let's Grow with a grant of £24,000 over three years to support the administration costs of the scheme, this has provided an excellent return on investment, attracting over £6.5M back in terms of grants to the County's companies. Let's Grow has been particularly successful within County Durham because the size of grant and the value of total project has been of a size and scale that meets the investment plans of the County's businesses. The mainstream Regional Growth Fund with a minimum intervention level of £1m requiring a match of a minimum of £3m for SMEs and £6m for large companies is of a scale that excludes the majority of Durham businesses.
- 27 Business Durham has also organised networking events. The Business Support Showcase was set up to counter the feeling that there was little public sector support left to help companies and it gathered 35 partners together with 64 businesses. Another networking event was organised showcasing the Lindisfarne Gospels, followed by a networking reception in Durham Castle. The event was very well-received, both the opportunity to view the Gospels and also the networking which followed, with at least one company finding a new local supplier.

- 28 Several projects are underway to improve Business Durham's service to strategic companies and these include:
- Business Durham Business Growth (Fund) Process – based on the experiences of the past few months whereby requests for different types of support have been dealt with on an ad hoc basis, it has been agreed that a standard process should be put in place to enable more efficient use of Durham County Council resources. This is currently under discussion with colleagues in Legal and Finance to ensure the process is robust, is State Aid compliant, and efficient for companies to help them grow and create more jobs.
 - Supply chain mapping – Business Durham has revised the report template used during visits to companies to explore their supply chain and identify local opportunities.

ATTRACTING CAPITAL INVESTMENT

- 29 Inward investment remains a major source of high value high skill employment in the UK and is thus a priority for Business Durham. Total enquiries for the year 2012/13 were 63, broken down as follows:
- 22 enquiries were from the UK, 10 from Europe, 5 Asia Pacific, 4 Americas, 3 Middle East and Africa, with 19 unknown origin.
 - 20 were from the Advanced Engineering sector, 18 from Business Services, 9 Energy, 7 BioPharma, 3 Food and Drink and 2 each from Electronics, IT and Communications.
 - In the year to date 31 enquiries have been received: 16 from the UK, 2 from the EU, three from the US, 7 from Asia Pacific and 2 from Africa.
- 30 Despite the economic climate, Business Durham has experienced success in this area: Hitachi Rail Europe, Mazars, Rebels of Sweden and Compound Photonics are all new investors into Durham in the last 12 months.
- 31 The Hitachi Rail Europe Project continues apace with initial site preparation and archaeology complete and the award of the construction contract to Darlington-based Shepherd Construction. Business Durham and the Council's Employability Team met with Merchant Place Developments to offer assistance to the main contractor and sub-contractors in terms of skills modelling and assistance towards apprenticeships and work placements. Hitachi Rail Europe has demonstrated enormous commitment to building local supply chain capabilities and commended Business Durham for their efforts in reaching out to local companies via the website and existing relationships. One of these introductions resulted in a £3.6M contract for Romag in Consett.
- 32 Aside from Hitachi Rail Europe, there have been three other successes: a new sales office has located in County Durham for Rebels of Sweden, a company that designs and manufactures innovative horse saddles. Mazars, a professional services company, also located into County Durham, at the Rivergreen Centre in Aykley Heads. In July 2013, Compound Photonics acquired the RFMD facility in Newton Aycliffe with significant support from Business Durham. Compound Photonics is a technology-led, high value manufacturing company in the video and data projection markets; initial products include a tiny high definition projector for smartphones and a head up display for the automotive market. Initial R&D took place in the UK and the company acquired businesses and assets in the US, including a semiconductor manufacturing facility in Phoenix, Arizona. This acquisition will lead to over 200 jobs being safeguarded or created, with the potential of a further 50 to be created. The company requires a highly-skilled labour force for production, R&D and innovation highly specialist scientists, engineers and technicians. The decision by Compound Photonics to locate in County Durham is a valuable endorsement by the business community of the County as a place to do business, building on the efforts of the County Council to position the County as a technology-led manufacturing economy.

- 33 2012 also saw the establishment of the North East Enterprise Company (NEEC). The purpose of the NEEC is to attract and direct potential inward investment projects into the County. Initially targeting the Japanese economy, over the year 2012/13 there have been 102 visits, including 15 to companies in the UK and seven non-industrial visits. His background in inward investment and detailed knowledge of Japanese investors and key contacts has opened doors to companies such as Nissan, various branches of Hitachi, Panasonic, Mitsubishi and many more. Of these visits, there are 16 active projects as at the end of March 2013.
- 34 Business Durham has also engaged with Visit County Durham on the place marketing framework, briefing VCD staff on the most important messages for inward investment, as well as developing the inward investment propositions for NETPark, Spectrum and Aykley Heads. We also have a potential opportunity to win a regional Centre of Excellence for the Satellite Applications Catapult at NETPark, which would add to the national and international reputation of County Durham, sitting alongside the High Value Manufacturing Catapult on the same site.

ENCOURAGING AND SUPPORTING THE DEVELOPMENT OF INNOVATIVE TECHNOLOGY BASED SMEs

- 35 A new NETPark Net membership model was launched in May 2012. It is a more commercial operating model and the pricing has been reviewed to achieve best value for members. Revenue to date for this financial year is £13,375 from a mixture of membership fees, event tickets sales and sponsorship. Sponsorship continues to be the main income provider both from sponsors of high profile events, such as the International Association of Science Parks conference in November of this year, and also Affinity membership, which is for service providers wanting to access the NETPark Net membership.
- 36 Services are now focused on market analysis, help to secure funding, support in winning contracts, pre-incubation facilities via the NETPark Net Virtual Office, and, most importantly, chances to network and make connections facilitated at events and by the Business Durham Innovation Development Executives. In addition, the NETPark Net Innovation Academy has been “rebooted” which retains the best of the previous programme and makes it more flexible for members to engage with. Seen as an example of best practice, this was showcased at the International Association of Science Park’s conference in Tallinn, June 2012.
- 37 Another major project for NETPark Net has been to improve the access to finance offering, highlighting finance available for technology companies. In July 2013 the inaugural meeting of the NETPark Investment Panel was held, established with two aims: to directly connect companies to financiers of all different types and also to assist with investor readiness. In addition, an investment readiness assessment tool has been mapped out and will now be transferred onto the website for members to download and use, this should increase members’ likelihood of securing funding if they work through this process, as it highlights areas of strengths and weaknesses to be developed before approaching funders.
- 38 NETPark Net underwent a formal external evaluation with the conclusion that NETPark Net had exceeded expectation, providing an example of best practice on how to create dynamic links between a science park and a range of mainly technology based firms in the region. It had enabled NETPark to develop a more comprehensive range of services than could be justified if uptake was limited to the tenants of NETPark. In the process, the package of services has enhanced the profile and image of NETPark itself. This has resulted in three knowledge based businesses being attracted to the science park, which would not have occurred had NETPark Net not been set up.

- 39 The Business Innovation Gateway (BIG) was formally launched two years ago to give innovative businesses the best chance by taking advantage of a total innovation support process created by the Business Durham through NETPark, the Centre for Process Innovation (CPI) and Durham University. In the last quarter, the strategic direction of the Business Innovation Gateway has been reviewed in light of experiences to date of the three partners. As a result a revised, more clear and dynamic mission statement has been developed, along with a new marketing plan.
- 40 “The Business Innovation Gateway provides companies or individuals who are developing new products or ideas with easy, direct access to the world class research expertise, facilities and support offered by this unique collaboration between industry, academia and local government. We provide you with a complete service to help you research, innovate and get your products to market faster.”
- 41 Partnerships continue to yield good results - the Science and Technology Facilities Council (STFC) approached us to help organise an event showcasing the contracts available from the European Extremely Large Telescope which is being constructed in Chile for the European Southern Observatory. The event was very successful with 30 companies attracted to the event from all over the UK and the STFC were delighted with the “excellent support” they received from the Business Durham team. Business Durham has been re-elected as Vice-Chair of the United Kingdom Science Park Association and will continue to advise the Association. NETPark Ambassador, Professor Roy Sandbach, has been appointed to chair the North East Local Enterprise Partnership’s Innovation Board. A champion of NETPark and its pioneering methods of driving an innovation ethos beyond park boundaries, Prof Sandbach has already consulted with Business Durham regarding the development of this agenda.

MAXIMISING THE BENEFIT OF THE COUNTY COUNCIL’S STOCK OF BUSINESS PROPERTY

- 42 Business Durham is responsible for the management and development of the County Council’s business property portfolio, consisting of 440 individual lettable units totalling 52,765m², made up of modern office and managed workspace facilities, factories and NETPark. The staff responsible for the properties are based across five locations at NETPark, Consett, Tanfield, Stanhope (Durham Dales Centre) and Aykley Heads.
- 43 The period from July to September 2013 saw overall occupancy across the portfolio remaining constant at 75% but with a high degree of turnover with fourteen new lettings and fourteen units vacated. Seven companies left and moved onto to bigger premises in the region, five companies ceased trading and two downsized to work from home. Appendix Two shows occupancy across the property portfolio in more detail.
- 44 A number of improvements are in place to support increased occupancy and revenue across the portfolio. This includes improved marketing with new Business Durham signage, new web site and increased use of social media, alongside improvements in systems dealing with rent collection and debt management. The payment levels between 2011/12 and 2012/13 have remained at 89%, with work continuing to increase this figure. For example all tenants are encouraged to pay rent by direct debit and for those paying by invoice; reminders are now sent after 14 rather than 28 days.

- 45 A further phase of Derwentside Business Centre at Consett Business Park, creating 1,890m² of offices for new and existing small businesses has just been completed on-time and to budget. A name for the new building, picked by Villa Real School which is located just next to Consett Business Park, is due to be announced on 13th December 2013.
- 46 A huge success in recent months has been achieved at NETPark where Business Durham manages over 120,000 sq ft of space for 20 businesses which together employ 396 people. At 83% occupancy and likely to rise above 90% with a major letting anticipated before Christmas 2013, there is a clear need for more buildings which can support more small businesses during the incubation period, as well as much larger grow-on space for businesses already on the site. Business Durham continues to position NETPark at the heart of national and international networks of senior influencers and to develop the targeted proposition for high technology, high growth companies – this activity will of course attract even more companies to Durham and so NETPark must be ready to capture this interest. NETPark is projected to make a net contribution of £315,000 to Business Durham by the end of March 2014 and it is expected that continued rental growth will provide a strong foundation for the further development of buildings on a more commercial basis.

Recommendation

- 47 That the Economy and Enterprise Overview and Scrutiny Committee note the contents of the above report.

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Appendix 1: Implications

Finance – None

Staffing – None

Risk – None

Equality and Diversity –. None

Accommodation -. None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Discrimination Act –None

Legal Implications – None

Appendix 2: DCC Business Property Occupancy

Property Name	No of Units	Gross Lettable Floor Space (m2)	Occupancy as at June 2013	Occupancy as at Sept 2013
Sacriston Industrial Estate	19	2,058	69%	73%
Stella Gill Industrial Estate	35	4,395	71%	76%
Tanfield Lea South Industrial Estate	4	1,018	75%	75%
All Saints Industrial Estate	5	1,347	80%	80%
Chilton Industrial Estate	18	5,615	77%	77%
Dabble Duck Industrial Estate	9	2,177	64%	56%
Coulson Street Industrial Estate	5	565	100%	100%
Dean & Chapter Industrial Estate	11	1,533	100%	85%
Fishburn Industrial Estate	6	2,262	23%	23%
Tudhoe Industrial Estate	12	944	100%	100%
Furnace Industrial Estate	20	2,671	75%	76%
South Church Industrial Estate	5	697	100%	100%
Stainton Grove Industrial Estate	25	2,927	58%	56%
Randolph Industrial Estate	6	929	100%	100%
Harvey Court, Low Willington Ind. Estate	5	848	100%	100%
Brockwell Court, Low Willington Industrial Estate	1	290	100%	100%
Industrial Total	186	30,275	73%	73%
Consett Business Park (Derwentside Business Centre)	61	5,670	84%	91%
Tanfield Lea Business Centre	41	2,591	38%	40%
Shildon Business centre	8	132	100%	100%
St Stephens Court, Low Willington	14	1,252	44%	44%
Crook Business Centre	14	560	100%	92%
Durham Dales Centre (excl Tea Room and Gift shop)	19	558	87%	87%
Office Total	157	10,763	73%	73%
NETPark Incubator	79	1,984	51%	51%
Kromek	1	1,759	100%	100%
NETPark Discovery 1	8	1,440	75%	75%
NETPark Discovery 2	8	1,442	50%	50%
NETPark Research Institute Building (Durham University)	1	5,102	100%	100%
Science Park Total	97	11,727	83%	83%
Grand Total	440	52,765	75%	75%

**Economy and Enterprise
Overview and Scrutiny Committee**

9 December 2013



**North East Leadership Board –
Secretary of State Statutory
Consultation on Proposals**

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

Purpose of the Report

- 1 To inform Members of the Economy and Enterprise Overview and Scrutiny Committee of the Secretary of State Consultation on the proposal to establish a Combined Authority for Durham, Northumberland and Tyne and Wear.

Background

- 2 At the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on the 24 June 2013 members considered a report and presentation providing an overview on the key findings of the then recently published North East Independent Economic Review (NEIER) and background information in relation to the decision of the seven Local Authority Leaders and the Elected Mayor in the North East LEP area to embed collaborative working arrangements in a statutory form and improve economic governance within the North East LEP area.
- 3 As part of the refresh of the Economy and Enterprise Overview and Scrutiny Committees work programme for 2013 – 2015 it was proposed that an update on the development of the new economic governance arrangements and progress on the recommendations in the NEIER be considered by the Committee at the meeting on the 27 February 2014. However, during the discussion of this item of business, members requested that they receive additional updates. An update was considered by the Committee at the meeting on the 10 September 2013 on the next steps towards establishing the North East Leadership Board as a Combined Authority for the area the key messages from the 'Driving Forward Economic Growth Conference' on the 6th September and the process for developing a Strategic Economic Plan for the North East, including developing a Growth Deal for the area.
- 4 A Combined Authority is a legal structure to lead collaboration between local authorities and enable strategic decision-making on economic growth and transport. They were introduced in the Local Democracy, Economic Development and Construction Act 2009 and are designed to enable groups of local authorities to work closely together to deliver improvements in economic growth and transport across local authority boundaries.

- 5 Following the agreement by each Local Authority in the North East, a proposal was submitted in July 2013 to the Secretary of State at the Department for Communities and Local Government, to establish a new body, the North East Leadership Board (NELB), as the combined authority for the area.
- 6 As part of the legislative process to establish the new body and gain parliamentary approval, the Government must run a consultation to seek views on the proposed combined authority. The consultation to establish the North East Leadership Board will run until Thursday 2 January 2014.

Secretary of State Consultation

- 7 The consultation seeks comments on the proposal to establish a combined authority and sets some specific questions on:
 - local support for establishing the CA;
 - if the CA will improve the provision of transport, economic development, regeneration in the area and the economic conditions of the area;
 - the impact of the CA on local communities;
 - the constitutional arrangements and functions for the CA; and finally
 - how NELEP and the CA will work together.
- 8 The question on local support does not appear in the West or South Yorkshire consultation documents and for the North East, the DCLG consultation document also references the elected Regional Assembly referendum in 2004.

Regional and local consultation to support single Local Authority consultation response

- 9 A letter will be sent to regional stakeholders from the newly appointed Chair, Cllr Simon Henig. The letter will direct them to the DCLG consultation and also seek letters of support. In addition to regional stakeholders, a number of County Durham stakeholders and partners will be contacted.
- 10 In regards to the local consultation element a common set of questions will be used to ensure consistency and enable an overall analysis of results. There are four questions that seek to gather views on the North East Leadership Board proposals, these will be used for online surveys and will also frame the focus group exercise. All of these questions have been circulated to Local Authorities and will be live on the 26 November for two weeks.
- 11 Each Local Authority will also hold at least one focus group with the larger authorities of County Durham and Northumberland considering the option of more to allow for representative population and geographical coverage. The focus groups will be scheduled for the week commencing the 9th December. Three focus groups are proposed for County Durham, one in Durham City, one in Murton and one in Crook.

- 12 All of the information arising from the local and regional consultation activity will feed into a single consultation report which will accompany the single consultation response from the seven local authorities.

Single Local Authority response to government consultation - approach

- 13 A draft single response to the Secretary of State's consultation is currently being prepared and will be considered by Durham County Council's Cabinet on the 18 December 2013.
- 14 The timetable below sets out dates for developing the response, the consultation activity and approvals processes.
- | | |
|--------------------|--|
| Wed 27 Nov | Online survey opens |
| Wed 4 Dec | Circulation of draft response to Leaders/CEXs – response to additional question on local support will only be partially completed at this stage pending the outcome of local consultation activity |
| Fri 6 Dec | Deadline for Leader/CEX comments on draft |
| Tue 10 Dec | Draft response published/circulated for Cabinet/Executive meetings |
| 9-12 Dec | Focus groups |
| Wed 11 Dec | Online consultations close |
| Thu 12 Dec | Draft response to additional consultation question prepared |
| Mon 16 Dec | Response to 'local support' consultation question published/circulated as an appendix for Cabinet/Executive report |
| 17 – 19 Dec | Response approved by Cabinet/Executives, Durham County Council Cabinet – 18 th December |
| Fri 20 Dec | Response approved by Leadership Board |

Recommendations

- 15 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in this report and during the presentation.
- 16 That the Economy and Enterprise Overview and Scrutiny Committee receive further updates on the development of the Combined Authority at future meetings of the committee.

Background Papers

- Improving Economic Governance in the North East LEP Area and the North East Independent Economic Review Findings - Economy and Enterprise Overview and Scrutiny Committee Report – 24 June 2013.
- Improving Economic Governance in the North East Local Enterprise Area – Presentation – 24 June 2013.
- Improving Economic Governance in the North East Local Enterprise Partnership Area – 10 September 2013.

- Improving Economic Governance in the North East Local Enterprise Area – Presentation – 10 September 2013.
- Government Consultation Document on the proposal to establish a Combined Authority.

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Appendix 1: Implications

1. **Finance** – The establishment of a Combined Authority will have financial implications for each council.

The core principles are:

- for transport costs, the total contribution from each authority for the year does not exceed the equivalent cost as it would have been calculated under previous arrangements.
- any other costs incurred in establishing new arrangements would be offset by efficiency gains achieved through the new body and met through existing resources and utilising the skills and capacity that already exist within the constituent local authorities. Staffing requirements will be fulfilled by existing staff across the 7 local authorities wherever possible.

Transport funding

As the Combined Authority will become the Local Transport Authority for the LA7 area, it will become a levying body with respect to Transport costs that will be paid by council tax payers in the respective areas. The significant differences in the transport responsibilities and the cost of transport services between Tyne and Wear, Durham and Northumberland mean that a single transport levy would not be appropriate. The solution proposed following discussion with DCLG and DfT, is that the Combined Authority would issue a levy on a differential basis that will accommodate the differentials in the cost of delivering transport services in County Durham, Northumberland and Tyne and Wear.

On the abolition of TWITA; its property, rights and liabilities will be transferred to the Combined Authority. These would be ringfenced under the terms of the Combined Authority agreement to the Tyne and Wear area and will not be the responsibility of Durham and Northumberland.

Combined Authority costs

The costs of the Combined Authority that are reasonably attributable to the exercise of its functions (including start-up costs) will be met by its constituent authorities. Such costs shall be apportioned between the constituent authorities in equal shares. The Combined Authority will agree an annual budget for the purpose of expenditure.

Any change in the contributions would need to be agreed by the new Combined Authority in consultation with its member authorities and in time for the contribution to be built into Council Budgets in future years.

2. **Staffing** - The Combined Authority will be a small, focused organisation and it is expected that it can be delivered within existing resources.
3. **Risk** - There has been engagement with representatives from the Department for Communities and Local Government at an early stage and the timescales for the creation of a North East combined authority discussed in detail. The timescales are challenging if any combined authority is to be in place by 1 April 2014. The Leadership board of the 7 local authorities are aware of the timescales and the project board met on a weekly basis to ensure so far as possible that the review process is driven forward.
4. **Equality and Diversity** - There are no equality and diversity issues arising directly from this report.
5. **Accommodation** - There are no accommodation issues arising directly from this report.
6. **Crime and Disorder** - There are no crime and disorder issues arising directly from this report.
7. **Human Rights** - There are no human rights issues arising directly from this report.
8. **Consultation** - consultation with key Stakeholders took place in May and June 2013 with a view that continuous engagement will take place over the coming months towards establishment of the Combined Authority. Stakeholders include representative organisations, service providers, delivery partners and relevant regulatory bodies. Each local authority has engaged with the stakeholders in their area. There is also a period of consultation that the Secretary of State will undertake before deciding whether or not it is appropriate to recommend the making of an Order creating a combined authority.
9. **Procurement** - There are no procurement implications directly arising from this report.
10. **Disability Discrimination Act** - There are no Disability Discrimination Act implications directly arising from this report.
11. **Legal Implications** - The Cabinet/Executive of each constituent authority received a report on 24 June 2013. A report has been considered by the Council of each constituent authority on various dates during July 2013.

Appendix 2 - Consultation Questions

The following questions are included in the Secretary of State's consultation.

1. Whether consultees support changing the governance institutions for the area of the "North East Local Enterprise Partnership" area by the creation of a combined authority
2. Whether establishing the proposed combined authority would be likely to improve the provision of transport in the area and its effectiveness and efficiency, the provision of economic development and regeneration in the area, and the economic conditions in the area
3. How establishing such an authority may impact on the identities and interests of local communities and on securing effective and convenient local government
4. The proposed constitutional arrangements (including the formal name of the combined authority) and functions for a combined authority as set out in the Annex to this consultation paper
5. How such an authority and the local enterprise partnership can work in a seamless manner to ensure the private sector is 'hardwired' into the leadership and decision making for the functional economic area

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**Economy and Enterprise
Overview and Scrutiny Committee**

9 December 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 Cabinet received a report on the 30 October 2013 asking for approval to develop and submit an application to transfer the council's homes to the Homes and Communities Agency. The report also asked for Cabinet's approval to set up a shadow parent Board for the new group of landlords to take key decisions on the establishment of the new group.
- 4 The Economy and Enterprise Overview and Scrutiny Committee have received regular update reports on the progress in implementing the council's preferred option for the future of its housing since 2011.
- 5 The most recent update was provided to committee on the 24 September 2013, when Members received an update on the outcome of informal consultation with tenants on the future of their home; and proposed governance arrangements for the new group.

Current Position

- 5 On the 12 November 2013 the HCA published the Housing Transfer Manual. The Manual sets out a series of guidelines for council's interested in transferring ownership of their homes to follow. The Housing Transfer Manual is relevant to transfers proposed in the period up to 31 March 2015. If the council 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 The Council plans to submit an application to transfer its homes to the HCA which is based on the application guidelines set out in the Housing Transfer Manual.
- 8 The HCA and the DCLG have suggested that they will evaluate applications by the end of February 2014 and will advise councils of their position thereafter.
- 9 If the council's application for a place on the programme is approved (alongside the council's application to undertaken formal consultation with its tenants) 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 almost 22,000 tenants and will end 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 continues to work with key stakeholder groups, including tenants, staff, Board members, Councillors and other key partners to develop the transfer proposal and associated documentation. The council also continues to maintain 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 to transfer its homes 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 proceed to the final stage in the transfer process. The final stage involves the incorporation 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 9 December 2013 will update the Committee on:
 - Progress with the transfer process
 - Outcomes of recent informal consultation with tenants
 - The development of offer documentation
 - The establishment of governance arrangements for the new group
- 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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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**

9 December 2013



**The County Durham Community
Infrastructure Levy (CIL) –
Response by Overview and
Scrutiny**

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

1. To provide Members of the Economy and Enterprise Overview and Scrutiny Committee with details of the Overview and Scrutiny response in relation to the Community Infrastructure Levy (CIL) Draft Charging Schedule which was out for public consultation (together with the County Durham Plan from October 14 until the 6 December 2013).

Background

2. Members will recall that when discussing the work programme for the Economy and Enterprise Overview and Scrutiny Committee at the meeting on the 24 June 2013 it was agreed by members that overviews would be provided in relation to the Regeneration Statement, the County Durham Infrastructure Delivery Plan and the CIL at future meetings of the Committee. It was considered that overviews would be particularly useful for new members of the Committee.
3. At the special meeting of the Economy and Enterprise Overview and Scrutiny Committee held on the 10 September 2013 members received an overview of the Regeneration Statement and the approach to regeneration adopted in County Durham. It was therefore considered timely that the Committee received an overview in relation to the County Durham Infrastructure Delivery Plan and the CIL at the meeting on the 21 October 2013. The presentation focused on the following:
 - Types of infrastructure considered within the IDP.
 - Partners involved in the IDP process.
 - Funding Gap.
 - CIL Rationale and Proposed Charging Zones.
 - The Role of Parish Councils or Neighbourhood Forums.

4. At the meeting on the 21 October 2013 the Committee was reminded that the CIL Draft Charging Schedule had been widely circulated for public consultation (together with the County Durham Plan from October 14th until the 6 December 2013) with the final Charging Schedule to go to Cabinet in April 2014. In addition, the Committee was advised that any comments made by members in relation to the CIL would be fed into the on-going public consultation as the Overview and Scrutiny response.

The Community Infrastructure Levy - Purpose

5. The CIL Regulations came into force on the 6 May 2010 and give local authorities the option of charging a levy on new development. The CIL ensures that most new development makes a proportionate and reasonable financial contribution to delivering the infrastructure identified in the Infrastructure Delivery Plan (IDP).
6. CIL is a mechanism which can be used to supplement other funding streams which will deliver strategic infrastructure over a Plan period. A key benefit of CIL is that it can raise finance to enable the timely delivery of the infrastructure required to support growth, which in turn creates an environment that will encourage investment. Other advantages of CIL include:
 - CIL is a standard, fixed charge giving certainty to the development industry;
 - Smaller developments will make a fair and proportionate contribution to the incremental impact they have on local infrastructure;
 - It is non-negotiable so will be quicker to process than Section 106 Agreements; and
 - A proportion of CIL will be passed to local communities so they can share in the benefit from development in their area.
7. CIL is not a direct replacement for Section 106 Agreements. Section 106 will continue to be used for site specific infrastructure, such as access roads, securing affordable housing or funding for education provision.
8. The amount of CIL that is charged must be justified by viability evidence, principally using financial site appraisals for different types of development such as housing and retail. This evidence must show that the level of CIL being charged is not so high that it would prevent a site from being developed.
9. The viability analysis is based on a residual land valuation methodology that is commonly used by developers to work out how much they can afford to pay for a plot of land before developing the land. Once the land value is calculated, the Local Plan & CIL Viability Study sets out how much 'Additional (or super) Profit' is left over once land price, construction, fees, finance and developers profit have been deducted from the Gross Development Value of the site.

10. The detailed evidence in the Local Plan & CIL Viability Study shows that there is sufficient Additional Profit in the test sites for different affordable housing targets across the County. The viability evidence also indicates that there is enough additional profit to justify a CIL charge.
11. Due to different land values and market conditions across the County the viability evidence indicates that different levels of CIL can be charged in 3 different areas of the County. The three areas that have been identified for a CIL charge are a zone for the Durham City & Chester-le-Street, a zone for West Durham and a lower charge for development around the rest of the County.
12. The different charging rates for each type of development in each zone are shown in the table below.

Type of Development	Durham and Chester-le-Street	West Durham	Rest of County Durham	Housing Market Renewal Areas
Residential Development	£60/m ²	£30/m ²	£15/m ²	£0
Large retail – 1,000 m ² or above	£150/m ²	£150/m ²	£150/m ²	£0
All other A class development (shops and similar establishments; financial and professional services; food and drink (classes A3-5))	£0	£0	£0	£0
All B class development (business, industry, storage and distribution)	£0	£0	£0	£0
Student Accommodation	£150/m ²	£150/m ²	£150/m ²	£0
Sheltered Housing	£15/m ²	£15/m ²	£15/m ²	£0
Extra Care	£15/m ²	£15/m ²	£15/m ²	£0

13. CIL will be used to fund items of infrastructure that are important for the delivery of the proposals in the County Durham Plan and be set out in what is known as a '123' list. The 123 list will usually be made up of items that are set out in the Infrastructure Delivery Plan. The mechanisms for how the money is to be spent will need to be agreed before the Charging Schedule is finally adopted.

14. As part of the CIL Regulations, a proportion of CIL monies will go directly to the local community to spend in their area. Parish Councils will receive 15% of CIL monies collected within their area to spend on improvements and local infrastructure projects. Where an adopted Neighbourhood Plan is in place this will increase to 25%. In both instances this is subject to a cap of £100 per household in the Parish Council area per year. Monies for non-parished areas will be retained by the Council but spent in accordance with the wishes of the community.

Overview and Scrutiny Response

15. At the Economy and Enterprise Overview and Scrutiny Committee meeting held on the 21 October 2013 there was broad support by the members of the Committee for the principles of the CIL. The following comments were made by members of the Committee in relation to the general policy and the proposed level of CIL to be charged:

Comments on general policy

- In relation to non-parished areas thought needs to be given as to how Durham County Council engages with local communities to determine their wishes as to how CIL monies are spent.
- CIL must not make sites unviable and discourage investment within the County.
- There is a need to ensure that dialogue takes place with neighbouring authorities to ensure the charging rates within Durham's CIL reflects those rates in neighbouring local authorities.
- Ensure that we are mindful of the levels of CIL charges compared to neighbouring Local Authorities to alleviate any chance of losing investment opportunities.

Comments on the level of CIL

- Members of the Committee supported the charge for large scale retail development acknowledging that it was set at a level not to deter development of this type within County Durham.
- It was suggested that the charging rate of levy proposed for student accommodation of £150/m² may deter the development of large scale student accommodation.
- In relation to extra care provision it was felt that there should be a £0 charging rate. Concerning sheltered housing the proposed charging rate of levy had to be at a level that would not deter such development.

Additional comment

- A co-opted member of the committee commented that in relation to Sheltered Housing there should be a £0 charging rate.

16. The above response has been signed off by the Chair and Vice-chair of the Economy and Enterprise Overview and Scrutiny Committee and shared with the members of the Committee to ensure accuracy prior to it being sent to the appropriate officers within the Regeneration and Economic Development Service Grouping as the Overview and Scrutiny response to the CIL draft Charging Schedule.

Recommendation

17. The Economy and Enterprise Overview and Scrutiny Committee are asked to receive the report, note its content and endorse the submission as the formal response of Overview and Scrutiny to the Community Infrastructure Levy.

Background Papers

- Cabinet Report – 18 September 2013 – The County Durham Plan Pre-Submission Draft (including supporting evidence and documents)
- Infrastructure Delivery Plan 2013
- Local Plan & CIL Viability Study 2013

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Appendix 1: Implications

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

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

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

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

Equality and Diversity – None

Accommodation - None

Crime and Disorder - None

Human Rights - None

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

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

Procurement - None

Disability Discrimination Act - None

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

Economy and Enterprise Overview and Scrutiny Committee

9 December 2013



County Durham Plan – Pre-submission Draft Consultation – Response from Overview and Scrutiny Workshop

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

- 1 This report details the feedback provided by participants at an Overview and Scrutiny workshop to consider the pre-submission draft of the County Durham Plan and invites the Economy and Enterprise Overview and Scrutiny Committee to endorse this feedback as the formal response by Scrutiny to the pre-submission draft consultation.

Background

- 2 All planning authorities have a statutory requirement to prepare and maintain an up to date development plan for their area.
- 3 The County Durham Plan seeks to guide the future development of County Durham to improve the lives of its existing and future residents. It is a plan that seeks to meet the differing needs of our communities. The plan sets the policy framework for the next 20 years to support the development of a thriving economy in County Durham. With improved economic performance central to the plan, it identifies a number of sites for new employment, new housing and new infrastructure to accommodate the growth needed to achieve these ambitions.
- 4 The plan identifies the quantity and location of new development across the city, towns and villages of County Durham and the detailed planning policies that will be used to determine planning applications. It also sets out the measures required of Durham County Council and other key service providers and stakeholders to successfully achieve the ambitions of the plan.
- 5 As part of the on-going development of the County Durham Plan, Overview and Scrutiny members and co-optees have been engaged in and have responded to the following consultation stages:-
 - (i) Issues Paper – October 2009
 - (ii) Issues and Options consultation – July 2010
 - (iii) Development of the Core Strategy consultation – July 2011
 - (iv) Preferred options consultation – October 2012

- 6 The pre-submission draft of the plan was reported to Cabinet on the 18 September, 2013 and followed by publication and a final round of public consultation which runs from the 14 October to 6 December, 2013.
- 7 Following consideration of the pre-submission draft consultation responses and the making of any minor modifications, the plan will be formally submitted in March 2014 with the examination in public to follow in June/July 2014 and finally adoption by December 2014.

Overview and Scrutiny Workshop

- 8 In order to continue to provide Overview and Scrutiny members and co-optees with an opportunity to comment and provide challenge to the Pre-submission Draft of the Plan, a workshop was held on 4 November 2013.
- 9 Each participant received a briefing pack which provided background information for the workshop and the Council's Head of Policy, Planning, Assets and Environment delivered a presentation which
 - (i) Provided contextual information about the Pre-submission draft;
 - (ii) Gave an overview of the Regeneration Statement and other key supporting documents;
 - (iii) Highlighted the process taken in developing the Plan to date and, set out the process for the latest consultation and the next steps following that process.
- 10 Members were then invited to take part in a facilitated discussion on a particular key theme within the Pre-submission draft. The key themes were Housing (2 Groups), Economy including transport (2 Groups), Environment including minerals and General Strategy.
- 11 During the discussions, member and co-optees comments were recorded by a dedicated scribe for each group.
- 12 At the end of the discussions, the Chair of the Economy and Enterprise Overview and Scrutiny Committee reported that the proposed process for responding to the Pre-submission draft of the County Durham Plan would be as follows:-
 - (i) All comments would be recorded by the scribes and then circulated amongst the participants to check for accuracy and provide them with a final opportunity to comment;
 - (ii) The comments would be signed off by the Chair and Vice Chair of the Economy and Enterprise Overview and Scrutiny Committee and submitted as Overview and Scrutiny's formal response to the Pre-Consultation draft by the consultation deadline of 6 December 2013;
 - (iii) A report would be considered by the Economy and Enterprise Overview and Scrutiny Committee on 9 December 2013, inviting the Committee to endorse the response to the consultation.

Workshop Feedback and Response to the Pre-Submission Draft of the County Durham Plan

- 13 The comments made by participants at the County Durham Plan workshop are attached to this report. (Appendix 2)

Recommendations

- 14 The Economy and Enterprise Overview and Scrutiny Committee are asked to receive the report, note its content and endorse the submission of the County Durham Plan workshop feedback as the formal response of Overview and Scrutiny to the County Durham Plan Pre-submission Draft.

Background papers

Overview and Scrutiny County Durham Plan Workshop Programme and Briefing Paper

Contact: Stephen Gwilym, Principal Overview and Scrutiny Officer
Tel: 03000 268 140 E-mail : stephen.gwilym@durham.gov.uk

Appendix 1: Implications (Taken from 18 September 2013 Cabinet Report except * Risk)

Finance –

The Regeneration Statement and the County Durham Plan outline the approach for investment which includes Durham County's council's capital programme. The Examination in Public could cost up to £400000, including the costs of the Planning Inspector, legal advice and the employment of a Programme Officer and possibly an assistant. Provision has been made in the Planning and Asset reserve to cover this cost.

Staffing –

The Spatial Policy Team's work programme will reflect the requirements of the CDP Project Plan.

***Risk –** None for Overview and Scrutiny

Equality and Diversity / Public Sector Equality Duty –

Equality and Diversity has been an integral part of policy development in the County Durham Plan. The vision as outlined in the Regeneration Statement is to *shape a County Durham where people want to live, work, invest and visit and enable our residents and businesses to achieve and maximise their potential* – this will have a positive effect on all residents, employees and visitors. Detailed Equality Impact Assessments have been and will be carried out for individual strategies or projects.

Accommodation – None.

Crime and Disorder – None.

Human Rights – None.

Consultation –

The timings of consultation is included in the Local Development Scheme. Significant consultation will be undertaken in October to December 2013 and on other occasions during plan preparation.

Procurement – None.

Disability Issues – None.

Legal Implications –

Legal opinion has been sought from the Council's in-house legal team and all the policies in the plan. Advice has also been received from external legal specialists on particularly complex topics, such as the funding of the relief roads.

Overview and Scrutiny Workshop – County Durham Plan – 4th November, 2012 – Committee Room 2.

Group 1

Facilitator: David Randall, Senior Policy Officer, RED

Scribe: Stephen Gwilym

Members/Co-optees in Group:

**Councillors Eddie Adam, Alison Batey, David Bell, and John Clare.
Co-optees Mr Tom Bolton and Mrs Betty Carr**

Theme: Housing

Key Issues:

Older Persons' Housing

There was general support for the requirement of new developments to have 10% of Housing Units being specifically for older people. Concern was expressed at how this could be delivered and what measures could be taken to enforce this if necessary?

David Randall indicated that this would be achieved by the various planning conditions/consents given to applications for development sites.

The group suggested that where developments for older people were being proposed then the developers should ensure that the Unit specifications should be appropriate for the end user i.e. wider doors, over-bath showers, accessible wall sockets etc.

Reference was also made to the need to ensure that housing developments were delivered and supported by the necessary and appropriate infrastructure including schools where family accommodation was proposed; accessible healthcare via GPs; transport links for both car users and also public transport provision as well as retail provision. This would all ensure the development of communities not merely housing estates.

The group acknowledged the need for developers and the Council to acknowledge the sensitivities/tensions that may arise where mixed housing type developments were proposed, particularly in respect of the different needs and expectations of older, perhaps more vulnerable people and young families with children.

Planning for local circumstances/need

Councillor Clare made specific reference to Newton Aycliffe and indicated that there needed to be a re-balancing of the housing provision in the town as currently this was located on the periphery/outskirts of the Town Centre and needed to be closer to the local amenities. He also indicated that timing was of great importance when determining which sites are released/marketed for development.

Tom Bolton referred to smaller settlements and how the need/delivery of housing developments would be managed. He referenced a degree of local resentment in the Eldon area which was historically linked to the previous County Council policy of Category D settlements. He sought assurances that the Plan contained provision for the continued development of the County's smaller settlements and referred to the local Parish Plan which for Eldon Parish Council had identified the need for housing for older people within this particular area.

In response, David Randall referred to 2 specific policies within the proposed County Durham Plan which would be applicable for any application for developments in the smaller , more rural areas of the County namely:-

POLICY 35 – Development in the Countryside
POLICY 15 – Development on Unallocated sites.

Sustainable housing developments

Concern was expressed about the potential ramifications of Government proposals to abolish the Sustainable Homes Code and how the County Durham Plan would ensure that new developments would be sustainable?

David Randall referenced Policy 16 “Sustainable design in the Built Environment” which sought to ensure that sustainability issues were included in the consideration for any new development sites. He also stressed the various building regulations available which would promote sustainability issues such as renewable and sustainable heating and lighting. This would also identify issues such as the potential reduction in the availability of Gas energy and the need for renewable electricity sources to be developed.

Demand for developments of Smaller Unit size

Members referenced the potential impact of the Government's “Bedroom Tax” and an associated need/demand for accommodation of a smaller unit size and whether there was a sufficient reflection/acknowledgement of this potential demand in the proposed submission draft.

Inter-departmental liaison for development sites

Having already highlighted the need to ensure that all proposed development sites identified within the County Durham Plan included the necessary infrastructure provision to be delivered also, members sought assurances that the Spatial Planning Policy team held continuous dialogue with the appropriate service groupings within the Council to ensure that all necessary considerations in respect of infrastructure provision was undertaken when development sites had been proposed.

David Randall indicated that Children and Adults Services were engaged in such dialogue in respect of school place availability and also that the Council's highways team were also engaged in determining what, if any, additional infrastructure works for Highways/transport might be required alongside specific development sites.

Flooding

The group emphasised the need to ensure that the County Durham Plan reflected exiting concerns around mitigating and acknowledging the associated risks of developments and flooding. Specific reference was made to POLICY 46 Water Management which included reference to surface water flood risk considerations and also sustainable drainage systems.

Members also indicated that flooding problems arising from new housing developments which affect surface water courses should be reflected in the Plan.

Reference was also made to the planting of trees and shrubbery which could also impact upon surface water flows and drainage systems.

David Randall indicated that all developers would be asked to provide details of their green infrastructure plans in this respect in order to attempt to mitigate their potential flooding impact.

Green Infrastructure Plans for Housing

The Group also referred to the need for some housing developments to be integrated into areas of green space and not merely putting developments on brownfield sites and having green infrastructure plans as an afterthought.

Group 2

Facilitator: Carol Dillon, Principal Policy Officer, RED

Scribe: Lucy Stephenson

Members/Co-optees in Group

Councillors B Alderson, D Boyes, J Clark and P Crathorne
Co-optee - Mr T Batson.

Theme: Housing

C Dillon provided an overview on the key policies contained within the plan which related specifically to housing, highlighting the minimum number of houses which would be built during the life of the plan, the distribution and identification of housing sites, land supply, market attractiveness, types of housing and exceptions.

Further information was provided in respect of Executive homes and houses in multiple occupation, including student accommodation.

The following points/concerns were then raised by members of the group:

- Pleased to see that there is flexibility within the plan to allow for areas to be developed for housing which would have not necessarily been considered in the past.
- Student accommodation – this is an issue within Durham City, and members were also mindful of this when considering current planning applications.
- Community development – members suggested that it was important to fix what currently existed in the county, regenerate those properties and make them work. It was also felt that by doing this some areas would be more attractive to developers and businesses.
- Specific concerns were raised relating to Easington Colliery which was felt to be in desperate need of regeneration, but was not however, identified for new housing. It was felt that building 900 homes in the neighbouring Easington Village would further add to a spiral of decline. It was noted that Policy 16 of the plan did allow for developers to come forward with proposals for sites which had not been allocated in the plan, however some Members felt that this was unlikely as the areas were unattractive to developers.
- Discussion took place regarding changes to allocation sites, and why some had been removed from the previous draft. It was reported that some sites may have had little prospects for delivery and therefore would have been removed.
- Happy to see that 10% of older people's housing will be provided but did think this description was not explicit enough and should be extended to cover those with disabilities who may not necessarily be old, but do require level access properties, with aids and adaptations. In addition it was recognised that there was a shortage in 1-2 bedroom bungalows.
- Infrastructure was considered a problem in some areas where development had taken place especially in smaller villages.

- Concerns regarding the amount of boarded up shops in smaller villages and towns.
- Empty Homes – Major issues where concentrations of homes were empty. Questions were raised as to why so many new homes were being built when there was a significant number of empty homes in the County which were not being regenerated.
- Neighbourhood Planning – it was felt that information relating to this needed to be communicated better to those in the community, including Town and Parish Councils and should be done so alongside consultation on the County Durham Plan.
- Concerns were raised regarding settlement boundaries and the importance of retaining those boundaries, where development borders properties of homes in another settlement.
- Concerns were also raised regarding land banking. It was noted that renewals would be reassessed in the context of this plan.
- Important to ensure that information was getting to those in outlying areas and villages.

Group 3

Facilitator: Mike Allum, Spatial Policy Manager, RED

Scribe: Martin Tindle

Members/Co-optees in Group:

Councillors: B Graham, J Gray, O Gunn and M Hodgson

Co-optee: B Henderson

Theme – Economy

Balancing Economy vs Environment (inc. Housing)

Mike Allum (MA) – As noted in the overview presentation, driving the economy is the major priority for the CDP. However, there was a need to balance environmental concerns against development. Did Members feel that it was ever appropriate to loosen environment constraints? Was this an issue of the scale of any development?

- Members noted that it would be dependent upon each case, based on the needs of the area.
- Members did not think it was simply an issue of scale, it was a matter of whether the benefits to the economy, job creation etc. balanced against any environmental considerations.
- Members noted a flexible approach was required, and that issues of communication and clarity as regards the context of any development, i.e. what is “brown field”, “green field” and “green belt” was important.

MA – green belt is a specific designation, and there were constraints to stop urban sprawl and help define settlements

- Members noted issues of mixed development, industrial and residential, in some locations, such as DurhamGate, Spennymoor and reiterated the need for a balanced approach.
- Members reiterated that there was a need to look at each individual situation, citing areas such as Willington and Hunwick, containing a conservation area and small hamlets.
- Members recalled a previous draft of the CDP set out 280 houses for Willington and asked what is allocated now? Also a planning permission being granted for a supermarket at the Industrial Estate, with no movement on this being taken forward. Members noted the need to link housing with industrial and retail development, having the jobs for people, the places for them to live, and places for them to shop.

MA – referring to the relevant map within the CDP document, noted that there was an allocation of 290 houses for Willington. It was added that those existing industrial

estates that were struggling to attract businesses would not be allocated in the CDP, they would continue to be industrial estates, but would not be protected such that if a proposal for development of another kind came along, it would not be blocked on principle, though it would need to go through the usual process.

- Members asked whether there was difficulty with developers “banking” land.

MA – can be difficult, and in some cases where development takes place, such as DurhamGate some additional land was safeguarded for any necessary expansion (MA to provide Councillor B Graham with plan showing land opposite DurhamGate).

Tourism

- Members noted the development of Tourism, at locations such as Witton-le-Wear, large numbers of caravans, encouraging visitors and providing employment opportunities.
- Bishop Auckland has had a lot of positive work carried out, the marketplace, Town Hall, Castle, parks and the food festival

MA – noted that Tourism was an important part of the County Durham economy and that there needed to be a flexible approach, to try and help encourage businesses and create jobs. It was noted that the work at Auckland Castle was acknowledged in that it had its own supplementary plan, with some other land owned by the owner of Auckland Castle that may be developed, hopefully creating more jobs.

Retail Development and Town Centres

MA – DCC looks to allocate sites by need in respect of retail, looking at spending power versus the provision of shops. The previous draft of the CDP had 6 allocations for retail sites, now rationalised to 2 sites: expansion at the Arnison Centre, Durham City and Queen Street, Crook. It was added that while only 2 sites were allocated, the CDP did not exclude any submissions from developers in respect of potentially developing any other sites.

MA – noted that also the importance of town centres was identified within the CDP, including the policy of preventing hot food takeaways beyond 5% of the units within a town centre and the creation of 400m exclusion zones around centres of education.

- Members noted the effect of “out-of-town” provision on town centres, the issue of some town centres being in private ownership.
- Members added when town centres are improved, landlords increase rent.
- Members agreed that the proliferation of hot food takeaways was to the detriment of town centres, and support preventing further in cases of greater than 5%, and support exclusion zones, but noted that they may not prevent those children that choose to seek take away food.

- Members were mindful of issues such as public health (food deprivation rather than the unhealthy nature of the majority of take away food) and also that the prevention of further takeaways could be seen as anti-competitive, cost jobs and lead to possible vandalism of vacant units.

Employment Land

MA – the CDP has a hierarchy in respect of employment land, linked to how Business Durham would look to attract businesses to the County.

It was noted there were no allocations as such for the Dales, but as explained in the presentation, there was an exemption policy so that if an opportunity for employment and/or housing land was identified it could be developed.

It was added that other exceptions could be possible if they were to safeguard and protect jobs in local communities, however this was an innovative policy and would be subject to test by the Inspector upon submission of the CDP.

- Members support innovation and flexibility, noting that it was important to help develop high value industry, such as the technology innovation at NetPark – clustering to maximise benefits, and providing additional units to allow for growth and so on.

Transport Infrastructure

MA – Members were reminded of CIL and s106 agreements as obligations on developers in contributing to infrastructure with 3 CIL projects identified being the Northern Relief Road, Super Routes - for cycling and the Horden Rail Station.

- Members noted that sewer capacity was an issue, especially with many flooding incidents over recent years
- It was noted that the Northern Relief Road was not a bypass, would it have much effect?
- Members noted that transport infrastructure was key in supporting the economy, it was now an expectation for people to travel for work, therefore public transport, both road and rail, together with private vehicles using the road network were vital. Car users should not be punished, and the provision of adequate parking within new developments was important.

MA – it was noted that Northumbrian Water was using the CDP as part of a bid to Ofwat for funding to expanding sewer capacity, and in the shorter term, there could be solutions put in place by developers of new schemes. The Northern Relief Road was shown to be effective in the modelling carried out, impacting positively on the flow of traffic into and through Durham, not only at the location of the relief road itself, but along all the major arterial routes into Durham City from the surrounding areas. A longer term proposal was noted for a bypass road from the A690 at Durham City through to Consett, however this would be a major project for a time in the future when funding might be secured.

Overview and Scrutiny Workshop on the County Durham Plan Monday 4 November 2013

Group 4

Facilitator: Stuart Timmiss, Head of Policy, Planning, Assets and Environment, RED

Scribe: Paula Nicholson

Members/Co-optees in Group:

Councillors J Chaplow, G Holland, A Hopgood, K Hopper and M Simpson,

Co-optees : Mr D Kinch and Mr A Kitching

Theme – Economy

Stuart Timmiss explained that Economy was a broad area and included Industrial Estates, Hot Food Establishments, Visitor Economy, Visitor Attractions and Visitor Accommodation.

The Group discussed the County Durham Plan in relation to the Theme – Economy and made the following comments:-

- Need to make County Durham attractive to investors.
- Wanted to see strategies to increase employment but were concerned about the impacts on the environment i.e. quarry expansion.
- Protect people who live in County Durham.

Renewable and Low Carbon Economy

- Jeopardises jobs
- Reduce or increase Carbon
(The Plan is not about reducing Carbon Economy it is getting the balance right).

Wind Turbine Development

- Members raised concerns over the number of wind turbine farms.
(Stuart Timmiss advised Members that County Durham had reached its limit with wind turbine farms but individual wind turbines were not classed as farms but they needed to be judged on how they would sit within the landscape).

Tourism

- Concerns were raised on tourism being reduced by £1m.

- Tourist office in Durham closed which was a concern.
- A tourist office could be established in the Town Hall, Durham as they currently received a number of visitors who thought they were the tourist office.
- Tourists want a personal contact as not everyone was able to use the internet to gain information.
- Members wanted more to be done about tourism in particular raising awareness of attractions i.e. Kelloe Gardens.
- Need to promote tourist attractions amongst local people.
- Visitors come to the City for the day but don't stay so don't contribute enough to the economy.
- Offers for Blue Badge Holders in Durham were low in comparison to other areas.
- Promote that people could stay in Durham as a base and visit other attractions i.e. The Lakes.

Air Quality, Light and Noise Pollution

- Members wanted to see the results of the monitored Air Quality. (Only two areas in the County currently had issues).

Local Amenity

- Empty shops in towns as people purchased from the internet or went to out of town outlets where parking was free (Floor space in towns was too small which was why businesses went out of town. Parking charges were not part of the plan).
- Shops were empty in town centres due to high rents.
- Members raised that you were unable to purchase a cup of tea or coffee in town centres after 4.00 pm as coffee shops were closed. Where were tourists meant to go? (cafés were not included in the plan)

Sustainable Design

- The Arnison Centre is at capacity in relation to traffic and there are plans to build an additional 1200 houses in this area without an additional road. Households would be unable to get to their properties due to congestion.
- The Arnison Centre is turning into a town centre with houses all around it.

Measures of Success

- Stuart Timmiss advised the group that the plan was monitored every 5 years and the plan was part of a tool kit.
- The plan is a living document.

Infrastructure vital in supporting the economy across the County, particularly transport, with public transport, cycling and walking all having a role to play, but in a County with large rural areas and clearly separated towns and villages it was important to acknowledge the role that cars have in enabling people to be able travel for work. Members felt that this was not to be at the point of being out of balance with environmental concerns.

Group 5 – Environment

Facilitator - Gavin Scott, Area Planning Team Leader, RED

**Scribe – Kirsty Gray
Councillors/Co-optees in Group**

**Councillors B Knevitt, J Maitland, N Martin, P May, S Morrison and
H Nicholson**

Co-optee - Mr D Easton.

Environment

Members had various comments to make regarding the following;

- Energy Efficiency - Members were concerned that the plan did not include compulsory building requirements in relation to building sustainable homes, such as the inclusion of solar panels and fibre optic broadband connections on every new home
- Residential Developments for older people - Members queried why high quality accessible homes for older people were not specified as part of the plan as many older people did not seek to downsize from a family home, but to move to a more easily accessible home of a similar standard
- Transport Infrastructure – Members were concerned that new residential developments were not designed for households with multiple cars and often lack of spaces resulted in cars parking on footpaths, which rendered it impossible for mobility vehicles or pushchairs to use them appropriately
- Open Space - Members discussed the issue of open space requirements for new developments. Planning applications did not specify the size or type of space and it was sometimes not desirable for all age groups or large enough for various pastimes. Members also had concerns that the cost of maintaining those areas eventually fell upon the Council
- Off Shore Wind Turbines – Members discussed the feasibility of these being introduced on County Durham coastline
- Regeneration – Members had concerns regarding the lack of regenerative work on dwindling high streets – there were many existing premises which could be utilised

Group 6:

Facilitator: Michelle Robinson, Principal Policy Officer, RED

Scribe: Ann Whitton

Members/Co-optees in the Group:

Councillors: M Simmons, P Stradling, O Temple, E Tomlinson and A Willis

Co-optee: Reverend K Phipps.

Theme: General Strategy

The facilitator set out that the theme of the group was the general strategy and specifically policy 2- spatial approach and policy4 – distribution of development. She asked if members of the group would consider the challenges and opportunities which had been highlighted in the presentation in relation to the general strategy.

Councillor Stradling stated that there were challenges in respect of towns sprawling into villages and villages becoming extensions of towns. He suggested that there should be something in the plan to recognise villages and for them to retain a measure of identity. Councillor Stradling also suggested that some industries can only be located in certain places and that the plan should reference this and be more specific. For example industry for rail transportation could not be located where there are no rail links.

Councillor Temple talked of the ratio of employment land to housing land and suggested that some areas of the County there was a skew of employment expectations and an assumption of dormitory areas where more housing development was indicated, Consett identified strongly with this due to the number of housing developments in the area. He identified from the ratios that there was a low allocation of employment land in North Durham area. Consett has a strong engineering base which has inward investment.

There was a general view that employment land does not always align with housing land.

The group spoke about development on green belt land and suggested that housing that is no longer fit for purpose and beyond repair should be demolished providing developers with an opportunity to provide new housing, but that will also regenerate communities.

Councillors discussed moving retail space out of towns, such as Bishop Auckland, Reverend Phipps said that the dynamic of the retail experience in Bishop Auckland had changed. Councillor Simmons gave an example of a resident of Hamsterley who can get the bus into Bishop Auckland but cannot get to Tindle Crescent where some of the shops including Marks and Spencer have relocated. Members of the group were advised that it was national policy which covered out of town shopping. Members of the group suggested there should be a different weighting of retail. The

group discussed the potential of small business units in towns to create a mixed economy the group suggested that small to medium enterprises could be the salvation of communities.

The group then went on to discuss the relativity of Durham City as a retail centre, Councillor Stradling pointed out the residents in the East of the County were more likely to make a short journey (5/6miles) to Hartlepool or Sunderland than a 14 mile journey into Durham. Councillor Temple described a similar experience for residents living in the Consett area who have a regular bus service to Newcastle. The group went on to talk about the importance of good public transport links.

Discussion took place on the role of Durham City as a tourist centre and an educational centre with the university, however it was pointed out that there are other tourist attractions within the County. Members suggested that Crook with its proximity to Weardale and the North Pennines should perhaps market itself as gateway to the Durham Dales.

Members discussed position and availability of employment land and suggested the reasons for Newton Aycliffe being attractive to employers is its position or location and available land. Durham City doesn't have employment land available but members did discuss the potential of the Aykley Heads site and expressed concerns over transport links even with new road networks in place.

Members suggested that the plan should address poor quality housing as a challenge. Members suggested that the plan should include awareness of expenditure but shouldn't be based on how 'things' are now as the austerity measures will not last for ever.

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County Durham
Economic Partnership

MINUTES

Meeting	County Durham Economic Partnership Board
Date of Meeting	Monday 4 th November 2013
Time	13.00 – 15.00
Venue	Committee Room 1B, County Hall

Attendees:

Brian Tanner	Chair
Donna Jefferson	County Durham Partnership, DCC
Jo Laverick	Durham Rural Community Council
Geraldine Wilcox	Derwentside Homes
Maria Antoniou	Spatial Policy, DCC
Cllr Eddie Tomlinson	Chair of Rural Working Group
David Usher	Spatial Policy, DCC
Edward Twiddy	North East Local Enterprise Partnership
Paul Robson	Jobcentre Plus
Sarah Robson	Chair of the Housing Forum
Sue Parkinson	Chair of the Business, Enterprise & Skills Group
Cllr Neil Foster	Cabinet Portfolio Holder for Economic Development and Regeneration
Simon Goon	Business Durham
Ian Thompson	Director of Regeneration and Economic Development, Strategy, Programmes & Performance, DCC
Andy Palmer	North East Chamber of Commerce
Jonathan Walker	Strategy & Partnerships, DCC
Tarryn Lloyd Payne	Strategy & Partnerships, DCC
Angela Brown	Strategy & Partnerships, DCC

1. Welcome

Brian Tanner welcomed everyone to the meeting.

2. Apologies

Christine Yule	Durham Business Group
Stephen Howell	Cultural Partnership
Melanie Sensicle	Visit County Durham Board
Jack Richardson	JCP
Simon Hanson	Federation of Small Businesses
Barbara Gubbins	County Durham Community Foundation
Ray Hudson	Durham University

3. Minutes of the last meeting

The actions were agreed as a true record

4. Matters Arising

- Sue Parkinson to meet with Stephen Howell Re: Event supply Chain – This meeting did take place and Stephen will be presenting back at the next Board Meeting.
- ESI draft & Opt in Prospectus were circulated to members of Board.
- Secretariat to progress CDEP Review – Implementation recommendations are underway and being actioned.

5. Chairs Update

Brian mentioned that the 'State of Co Durham' would be discussed in presentation from David Usher today.

Brian mentioned the Headline Stats for national economy:-

- Working Age Employment Rate (April 12 – March 13)
 - GB: 70.9% ↑ 0.2%
 - NE: 66.5% ↑ 0.3%
 - CD: 65.8% ↑ 0.7%

Across the board increases (though not significant) since last figures published December 12

- Worklessness (total out of work benefits) ↓ 2.1% on year (Feb 13) though in total ↑ 2.5% since pre-recession rate
- Long term unemployment (over 12 months) ↑ 10.8% on year (Feb 13) and ↑ 876% since pre-recession rate.
- Youth unemployment (JSA <24) ↓ 18.4% on year (Feb 13) however ↑ 43.6% in total since pre-recession rate

There are some good news indicators that the County is heading in the right direction:-

- Lindisfarne Gospels – attracted nearly 100,000 visitors from all over the world which should impact on the local economy. Brian felt this was an excellent example of partnership working
- Apprenticeships Programme – There have been 277 starts on the programme to date with over 342 employers engaged
- Starting to see real progress at Hitachi, with Shepherd being announced as the contractor.

CDEP Review

- Brian thanked board members who have given their time to date. As outlined in the paper to the previous board the review recommendations are now being implemented. Important to note that as we agreed there is not wholesale change but there is a renewed focus. A reminder of expected areas of interest to the board:
 - Development of new prospectus.
 - Development of x3 Core Working Groups
 - Business, Enterprise & Skills, Economic Infrastructure Working Group and the Durham City Board.

- Establishment of a Data Management Group –an initial scoping has taken place. Full scope and remit to be agreed when new group meets in in early Dec.
- Annual Conference – options being considered for event in April 2014.
- As a reminder the key focus we've agreed for the Board are:
 - **Making our places work** (economic infrastructure) and promotion of County Durham as a place to invest, do business and visit.
 - **Influencing and informing wider decision making** priorities and investments in particular the North East Local Enterprise Partnership (NELEP) and North East Leadership Board (Combined Authority).
 - Enabling **effective investment planning** within the County – operating as a board overseeing and promoting a strategic pipeline of prioritised pre-prepared schemes and making the most of available resources.
 - Creating **more opportunities for employment** and reducing disparities, with a key current emphasis on opportunities for young people.

6. State of County Durham – David Usher

David Usher gave a presentation to the group in relation to 'The state of Co. Durham'

In relation to the estimated number of businesses (14,420), Sue Parkinson asked if this included businesses in the County that weren't VAT registered as there are very many of these. David Usher confirmed this ONS Data set only includes VAT registered and PAYE businesses.

Edward Twiddy felt that the North East has a bigger demographic problem in relation to higher valued jobs in particular. He felt that London is not a comparative competitive region. Therefore it may not be appropriate to put it into the statistics as once London has 'been stripped' out then the North East no longer looks like the 'poor relation' in relation to access to employment.

Brian thanked David for his presentation

7. Sustainable Community Strategy and Vitality Index – Donna Jefferson

The Sustainable Community Strategy (SCS) is the overarching strategic plan for the County covering 20 years (2010 – 2030). As part of the development process a number of key issues have already been agreed by the County Durham Partnership. These were outlined within a paper circulated.

Donna gave an update to the Board in relation to High Level Objectives and the current feedback from the other thematic partnerships. Donna further underlined the focus on bringing together and encouraging people to tackle key issues. Key questions for the CDEP Board members to consider;

- How can the SCS steer across five partnerships?
- Where does SCS sit and where does it fit with the Co Durham Plan/5 Thematic Plans and locality plans?

- Does the Board agree with the high level objectives?
- What does Board agree are areas of cross cutting focus?
- Does the Board agree that the new approach will help the CDP to have bigger impact on outcomes?

Action: Brian felt that there should be a brief discussion on issues and any further comments should be fed back to Tarryn Lloyd Payne

Geraldine felt that in relation to high level objectives it is missing job creation and quality of jobs – should this be a standalone high level objective? Andy Palmer replied to this comment stating that one of Measurers of Success is the creation of 30,000 jobs.

The Relationship between CYPS in school and school leavers to help get young people into employment – crosscutting other areas is a further important issue.

Vitality Index

Donna further updated the Board on vitality index currently being developed. This project is being led through the Institute for Local Governance and an update on this will be given once information is available.

8. Opportunities for Investment & Growth: County Durham Plan – Maria Antoniou

Maria gave a presentation to the Board in relation to the County Durham Plan. The presentation outlined the key changes from preferred options which were:-

- The distribution of proposed housing development in Durham City has decreased from 15.5% to 13%
- Slight reduction in affordable housing requirements for South and West Durham (to 10% and 15% respectively)
- New North West Durham Green Belt
- 84 housing allocations, 64 existing and 20 new, 51 deleted
- G&T Study indicating no need for site allocation

Cllr Neil Foster mentioned the consultations have taken place and a great deal of work has been carried out to get to the stage where they are at now. There have been a lot of positive and honest comments.

Discussion focussed on what happens if things move on once the plan has been adopted? Maria said every stage gains more prominence. Sites that have been assessed don't have to wait until 2014, sites now have planning applications on them because of the plan. Once it is adopted then it will all be final.

Action: Brian asked if the Board were all in support of the plan – this was agreed.

9. Deciding European Investment Allocations – Sue Parkinson

Sue gave a presentation to the Board in relation to European Structural and Investment Fund Strategy

Cllr Neil Foster commented that in relation to National Opt Ins he was concerned how much delivery will be locally focused. He thought we need to see how much spend can be brought to the local area. There is a need to get involved in the detail. Unless Opt Ins are implemented at local level then it won't maximise benefit.

Brian asked if the Board wanted to make a joint partnership response, to which all agreed

Brian thanked everyone for all their hard work and support in relation to European Investment

Action: Secretariat to prepare and circulate for comments a CDEP response to the North East European Structural and Investment Funds Strategy

10. NELEP Investment Planning – Edward Twiddy

Edward gave an update in relation to the North East Local Enterprise Partnership (NELEP) Investment Plan. The focus was on more and better jobs for the NELEP area.

Edward discussed the wider context for understanding priorities behind European spending and how that is affecting local discussions on spending profiles and agreeing local outputs. Immediate priorities for the NELEP are completion and agreement of the European Investment Strategy with national government. This is expected to happen by the end of January 2014.

Edward mentioned that he had not heard anything as of yet in relation to what the government thought of the initial draft from the NELEP but expected to hear more after 7th November.

In relation to the national programme Sue Parkinson reminded the Board that what does not get spent of the Transition Region allocation will be lost to the North East.

Therefore there is both a huge opportunity and challenge in getting money out of the door and invested locally. Brian agreed that this would very important point and

reemphasised the point to the board to understand the detail behind the NELEP investment proposals and the priorities for County Durham.

11. Partners and Working Group Chair updates

Rural group – Cllr Eddie Tomlinson

A lot of progress is being made in relation to the Rural Growth Network. The bid was approved but there have been changes in relation to the benefit for Co Durham.

- 11 Rural Economic Development Officers are now in post, 5 of these are operating across Co. Durham based in the Enterprise Agencies
- Hub Development - £750k has been made available for the development of further hubs with the Dale Centre, NeST and Old Castle Eden Brewery invited to submit full applications.

There was an update on the closing of the LEADER Programme

Cllr Tomlinson felt that it is good news that there is transitional money being made available.

Housing Forum – Sarah Robson

The last forum was themed on Altogether Greener. There were presentations on Warm up North and Durham Green – Collective Fuel Purchasing and also an update on the work of the Partnership in relation to Energy & Fuel Poverty.

HCA gave an update & Marie Smith discussed Welfare Reform and the impact its having on people.

- The demand for three bedroomed properties is beginning to fall as a consequence of the benefit cap.
- The total people in rent arrears dipped in July but have since gone up and we are now following the national trend.

The empty homes programme was discussed: this will see 130 units brought back into use.

The Forum is to meet again in two weeks, Sue Parkinson will be joining to present on European Investment.

Jo Laverick – VCS Update

Jo commented on the general state of the sector including;

- Recent push to offer incubation/skills to employees
- New outputs – Health/skills/volunteering/poverty – foodbanks/homelessness
- There have been cuts with reduction of staffing and resources.
- Working closely with partners in relation to EU pipeline work

A general comment concerned what the sector is trying to do in relation to lines of communication with few resources. Jo asked partners to consider how they put information into a language that people can understand. The added benefit of this is that people/partners can see what we are trying to achieve. The European proposals are a good example.

Barbara Gubbins and County Durham Foundation have secured £500,000 for the Learning Working Earning programme

12. Any Other Business

There was no other business

13. Date and Time of next meeting

24th February 2014 @ 1pm