



**Economy and Enterprise
Overview and Scrutiny Committee**

Date Monday 7 April 2014
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 meeting held 27 February 2014 (Pages 1 - 10)
4. Declarations of Interest, if any
5. Items from Co-opted Members or Interested Parties, if any
6. Media Relations
7. Quarter 3, 2013/14 Revenue and Capital Outturn: (Pages 11 - 20)
Joint Report of the Corporate Director of Regeneration and Economic Development and Corporate Director - Resources – Finance Manager, Resources.
8. Quarter 3, 2013/14 Performance Management Report: (Pages 21 - 38)
Report of the Assistant Chief Executive – Performance and Improvement Team Leader, Regeneration and Economic Development.
9. Combined Authority - Update: (Pages 39 - 62)
 - (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.
10. Housing Stock Transfer Project - Update: (Pages 63 - 70)
Report of the Corporate Director of Regeneration and Economic Development.

11. Members' Reference Group Report - The Impact of Public Sector Funding and Policy Changes on the Economy of County Durham: (Pages 71 - 104)
 - (i) Report of the Assistant Chief Executive.
 - (ii) Report of the Members' Reference Group.
12. Council Plan 2014-2017 - Refresh of the Work Programme:
(Pages 105 - 124)
Report of the Assistant Chief Executive.
13. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
28 March 2014

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, A Patterson, J Rowlandson, M Simpson, P Stradling, O Temple, A Willis and S Zair

Co-opted Members:

Mr T Batson, Mrs O Brown, 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 **Thursday 27 February 2014** at **9.30 am**

Present:

Councillor R Crute (Chairman)

Members of the Committee:

Councillors E Adam, A Batey, J Clare, D Hall, J Maitland, H Nicholson, A Patterson, P Stradling and O Temple

Co-opted Members:

Mr P Robson (JobCentre Plus)

1 Apologies for Absence

Apologies for absence were received from Councillors J Bell, R Ormerod, J Rowlandson, M Simpson, A Willis and S Zair and Mrs O Brown and Ms J McKee (JobCentre Plus).

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The Minutes of the meetings held 9 December 2013 and 27 January 2014 were agreed as correct records and were signed by the Chairman.

4 Declarations of Interest

There were no Declarations of Interest.

5 Items from Co-opted Members or Interested Parties

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

6 Media Relations

The Overview and Scrutiny Officer, Diane Close referred Members to the recent prominent articles and news stories relating to the remit of the Economy and Enterprise Overview and Scrutiny Committee (for copy of slide see file of minutes) namely: South West Durham Training looking to increase its apprenticeship provision by a further 200 places per year; the Digital Durham Programme, roll out of superfast broadband to 96% of County Durham by 2016; Durham's light links explored, an event organised by Business Durham hosted at the House of Commons showcasing the County's connection with light with companies such as Thorn and Polyphotonix attending, as well as highlighting the Lumiere event; and Beamish Museum had an 19% increase in visitor numbers, its most successful year in 43 years of operation.

Resolved:

That the presentation be noted.

7 Affordable Homes Policy - Overview

The Chairman introduced the Special Housing Projects Manager, Regeneration and Economic Development, David Siddle and Senior Housing Development and Delivery Officer, Angela Stephenson who were in attendance to speak to Members in relation to the Affordable Homes Policy (for copy see file of minutes).

The Special Housing Projects Manager informed Members that there existed a pool of 50,000 affordable homes, and they were required as the market itself would not provide them. It was noted that a definition of "affordable housing" was: *"Affordable housing includes social rented and intermediate housing, provided to specific eligible households whose needs are not met by the market"*. It was noted that the prices for affordable housing would be set below market prices or rents and it was explained that the "subsidy" was locked into the product. The Special Housing Projects Manager added that the subsidy was in perpetuity and attached to the property, and should the property be sold, the subsidy would be recycled. It was added that only in exceptional circumstances could the subsidy be taken out from the property.

Members noted that affordable housing was offered to "eligible households" and in County Durham this would be via the choice based lettings scheme, Durham Key Options (DKO), offering a fair opportunity for people to access decent accommodation. The Committee were informed that the delivery of new housing focussed on offering "affordable rent" accommodation, whilst the existing pool mostly comprised of "social rent" properties. It was explained that "affordable rent" properties were developed by Registered Providers (RPs) (or house builders acting on behalf of RP's) and then rented at what is deemed to be an affordable rent, 80% of the market rent for that area. It was noted that, there is relatively little difference between social and affordable rent levels in our area, though there are a considerable differences in the South East of the country. Councillors noted that social rent was calculated based on a government formula which ensures rental levels are kept low. The Special Housing Projects Manager noted that discounted sales were also in perpetuity, with the discount being in the region of 30% and there were schemes of shared ownership as another option, with owners and RPs splitting the ownership.

Councillors noted that there were several additional schemes marketed to first time buyers, including home buy initiatives ('Help to Buy') as promoted by this Government, though these were designed to stimulate the housing market as well as aiming to provide affordable housing for sale.

Members were reminded that there had been some development of new affordable Council homes in the Wear Valley and Durham City areas, however in general it was not Local Authorities that were leading on building and therefore it was Partners that would be delivering, with the Local Authority role being an enabling one through having the requisite policies in place, articulated by the Local Plan. It was added that the evidence behind policies included information from the Strategic Housing Market Assessment (SHMA) and waiting lists. It was explained that funding was primarily from the Homes and Communities Agency (HCA) with the 2015-18 programme recently announced and therefore County Durham Housing Association would be encouraged to bid for funding from the new programme. The Special Housing Projects Manager reminded Members that there were Section 106 (s106) Agreements that could, be part of planning approvals. Councillors were informed that the majority of additional funding was through Housing Association borrowing. The Special Housing Projects Manager concluded by noting that the County Durham Plan (CDP) was heading towards the adoption stage and clear commitment regarding affordable housing for County Durham was set out within the Plan.

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

Councillors asked questions in relation to: whether planning policy was rigorous enough in respect of s106 Agreements; a breakdown of types, numbers and geographical distribution of affordable housing; how the percentages for affordable housing provision were calculated; how the "recycling" of subsidy worked in practice; how the number of houses delivered compared to the need identified; where the 700 homes mentioned within paragraph 14 of the report would be delivered; any pressure on Developers in respect of Community Infrastructure Levy (CIL) and Sustainable Urban Drainage Systems (SUDS) and whether this had any effect on Developers being able to negotiate out of s106 agreements; the resource implications balanced against releasing land at below market rate; where "surplus" sites being marketed below market rate were located within the County; where the 200 units mentioned within paragraph 13 were within the County; how long any discount on properties lasted; and what the percentage affordable housing provision was for the North of the County.

The Special Housing Projects Manager noted that he could not speak on behalf of colleagues from planning, however, there was policy in place as regards percentages of affordable properties for developments and that this was the starting point for any negotiations between developers and the Authority. It was added that there could be cases where evidence could be provided demonstrating that development may not be viable if there is a certain level of affordable provision. The Special Housing Projects Manager noted that figures could be obtained breaking down affordable properties for rent and so on in the 5 key geographical areas across the County. It was added that there was a balance of need versus viability and that not all affordable housing was delivered by negotiations within a planning application. It was explained that there were strategic schemes which would have a high percentage, or in some cases 100%, affordable housing.

The Committee noted that should a property having been purchased at an “affordable” discounted rate was then sold, the HCA would expect any grant element to be repaid, though sales of discounted properties was rare. It was added that Housing Associations had a Recycled Capital Grant Fund, though likely to be relatively small due to the lack of properties being sold. It was noted that there was an understanding that any money paid into RCGF from a Local Authority area would be recycled back into that Local Authority area.

The Special Housing Projects Manager explained that the 700 houses referred to in paragraph 14 were those to be delivered overall by the 2011-15 HCA programme and it was added that the annual shortfall in provision was as set out at paragraph 4, 674 units. It was noted that developers may face increased pressure in respect of CIL and SUDS, however, it was noted that any negotiations as regards s106 would be evidence based and that recent changes in the housing market had seen an increase in volume house builders’ profits. The Committee noted that there were a small number of sites offered at a competitive rate for affordable housing, for both rent and ownership and that if evidence is presented that the end use is beneficial, the discounted rate could be justified. It was noted that those small sites were being discussed at meetings next week and further to this information could be brought forward. The Special Housing Projects Manager explained that the 200 units referred to in paragraph 13 were not extra provision, and were part of the HCA programme and that the figures and geographical split could be obtained for Members’ information.

The Committee were informed that the discounts applied to properties were in perpetuity with any properties being sold having the discount noted as part of the title deeds for any future sale to also be at the discounted rate. In the case of shared ownership it is possible for homeowners to “staircase” up to pay off the subsidy and therefore be able to sell the property at 100% value in the future. The Special Housing Projects Manager noted that the starting point for negotiations regarding affordable provision in the North area of the County was 15%.

Resolved:

- (i) That the report be noted.
- (ii) That an update in relation to Affordable Housing delivery be given at a future meeting of the Committee.

8 Homelessness Strategy - Update

The Chairman introduced the Core Team Manager, Regeneration and Economic Development, Andrew Burnip who was in attendance to speak to Members in relation to the Homelessness Strategy (for copy see file of minutes).

The Core Team Manager informed Members that the need for a Homelessness Strategy was set out within the Homelessness Act 2002 and must include plans for: the prevention of homelessness; ensuring sufficient supply of accommodation for those who are homeless or may become homeless and to prevent the loss of accommodation; ensuring there is satisfactory support for those who are homeless or may become homeless and to prevent the loss of accommodation.

It was explained that the Homelessness Strategy 2008-13 therefore covered 3 strategic priorities: to prevent homelessness; to ensure sufficient, appropriate and affordable accommodation is available for people who are homeless or at risk of homelessness; and to support people who are homeless or who are at risk of repeat homelessness.

The Committee noted that following Local Government Reorganisation (LGR) there was a need to have a consistent approach across the whole County, and therefore harmonisation of the differing levels of service was undertaken.

It was noted that there were various tools and measures available, making reference to the slide setting out a “wheel of preventions”. The Core Team Manager explained that there was a Bond Guarantee Scheme for those on low income/benefit for those accessing private sector housing, with a paper bond being issued by Durham County Council (DCC) upon inspection of a property and the requisite sign up. It was added that a Prevention Fund also existed, a cash grant that could be used to help with administration fees or small scale rent arrears, capped at £50. Members learned of Discretionary Housing Payments (DHPs) and a triage system helping those in need, for example those with a shortfall in rent as a consequence of under-occupancy. It was added that the triage process also looked to help support a sustainable position, identifying issues such as debt, employment and training need and other options as regards housing. Councillors noted that there was “Remain Safe” delivered on behalf of DCC and the Safer Durham Partnership (SDP) by Direct Services in collaboration with Crime Prevention Officers in helping to secure properties of those who have been victims of domestic violence.

The Core Team Manager noted that peer education was important and colleagues within Children and Adults Service (CAS) were working with Housing Solutions to speak to Year 11/12 students in schools regards homelessness and the causes of homelessness. It was added that there was the Holistic Temporary Accommodation and Support Service (HTASS), provided by Stonham on behalf of DCC, who managed 29 units of temporary accommodation. It was explained that the provision was 24 hours a day, 7 days a week (24/7) and there were 2 and 3 bedroom units, furnished and with some with disability adaptations. Members learned that 14 properties were “crash pads” for those 16-25 for a period of up to 14 weeks. It was noted that there was a joint protocol in place as regards 16-17 years olds and HTASS, reflecting responsibilities under the Children Act 1989 and Homelessness Act 2002. Councillors noted Emergency Supported Lodging was provided via CAS, often utilised by those leaving care, with around 1,200 “bed nights” offered annually. It was noted in cases where no crash pad is available, a family that has undergone the requisite Police checks may be used to provide temporary accommodation for several weeks.

Members noted support offered by DCC Welfare Rights, in respect of benefits available and help via the Citizens’ Advice Bureau and in house specialists within Housing Solutions on issues such as debt. It was explained that there was support to provide a Personalisation Budget, helping to sustain people in their housing by offering advice on many issues, such as cooking on a budget, to ensure enough money is set aside for rent. Councillors noted that there was support via the Family Intervention Project (FIP) and European Social Fund’s (ESF) Stronger Families programme, identifying those at risk of eviction as a consequence of anti-social behaviour, working with families and to help provide people with issues such as basic skills, prior to accessing the Work Programme via JobCentre Plus (JCP).

Members noted that there was the Care Leavers Accommodation Support Programme (CLASP) to help those coming to the end of their care to either extend their care/accommodation or move on. It was explained that there was the County Court Duty Scheme, a non-funded scheme where free legal advice was offered in cases seeking possession.

The Core Team Manager explained that training was offered via Housing Solutions to various services to enable "Prevention Champions" within those services that come into contact with those likely to become homeless, giving opportunities for early intervention to prevent homelessness occurring.

Members were reminded of the Mortgage Rescue scheme, a national scheme that was coming to an end 31 March 2014. Councillors also noted the Repossession Loan Fund, a short term, interest free loan of up to £5,000, which could be made as a charge against the property. The Committee noted Mediation Services that were offered, under joint protocol and "Step Forward", another service offered by Stonham on behalf of DCC, testing the market as regards people moving from 24/7 supported housing into shared accommodation, noting 14 having been in place for around 9 months.

The Core Team Manager referred Members to graphs demonstrating trends in homelessness presentations noting an increase from 3,000 in 2009/10 to 6,200 in 2012/13. It was added that it had been demonstrated that, via the Department of Communities and Local Government (DCLG) self-assessment toolkit, prevention (£741) was cheaper than Homeless applications (£924) and on the last year, preventions effectively made a saving of around £62,000. It was noted that DCLG and Cabinet Office had undertaken studies that had shown that the wider cost of a person becoming homeless to the economy was between £24,000 to £30,000, equating to approximately an effective £84.5 million saving to the County Durham economy over the last 5 years. Members noted a flowchart demonstrating causes of homelessness and the Government's "Making Every Contact Count: A Joint Approach to Preventing Homelessness", 10 local challenges posed to the homelessness sector by Government. It was noted that County Durham was already meeting most of the challenges already, for example not placing families into Bed and Breakfast accommodation.

The Committee noted that current trends included: financial hardship; increasing debts; violent relationship breakdown, demonstrating the value of "Remain Safe"; rent arrears, to some extent masked by DHP; non-violent relationship breakdown; and eviction by parents, albeit tempered by implications of Welfare Reform and under-occupancy subsidy should children be evicted. Members noted that DCCs response was a commitment to prevention; a commitment to working in partnership; a commitment to develop innovative working practices; and a commitment to meet the challenges ahead.

It was noted that the Strategic Objectives for 2013-18 were:

- To prevent homelessness for all housing need across County Durham.
- To ensure that services work in partnership to meet the holistic needs of all clients, including those with complex needs and / or those at risk of rough sleeping.
- To ensure that sufficient, appropriate and affordable accommodation is available for people who are homeless or at risk of becoming homeless.
- To provide housing advice and housing options to everyone in County Durham.

- To tackle the wider social and economic causes of homelessness by supporting people to access health, employment, training and associated services.
- To achieve Gold Standard in meeting the 10 Local Authority challenges (*Making Every Contact Count: A Joint Approach to Preventing Homelessness*).

The Core Team Manager concluded noting there was a Regional Homelessness Group event that would be held in June 2014, chaired by Baroness Hilary Armstrong, held at County Hall, updating on progress across the regional to reduce rough sleeping.

The Chairman thanked the Core Team Manager and asked Members for their questions.

COUNCILLOR R Crute vacated the Chair

COUNCILLOR A Batey in the Chair

Councillors asked questions in relation to: whether a booklet setting out the work, support and contact details of the Housing Solutions Team was available; who could access the Prevention Champions training; the numbers of successful homelessness appeals; whether there were enough resources to cope with the further pressures from Welfare Reform and under-occupancy; information being shared with JCP; the triage process and how this fitted in with JCP; use of the phrase “bedroom tax” rather than the term occupancy related charge; the end of the Mortgage Rescue Scheme; the effectiveness of the services being offered; and how the issue was cross-cutting with other issues such as Welfare Reform.

The Core Team Manager noted that Prevention Champion training was available to internal and external services, with courses varying from a quick 30 minute session up to a 2 day event. It was added that a booklet was available with details as regards the Housing Solutions Team, copies would be forwarded to Members accordingly. Councillors noted that there were few appeals at DCC around 12 per year, with our process for dealing with appeals being robust, with quality checks on cases carried out by Senior Officers. Councillors noted that Council services were under pressure in the current economic climate, however, Housing Solutions worked with partners to help meet needs.

The Core Team Manager explained that information packs could be forwarded to partners at JobCentre Plus and would speak to the JobCentre Plus representative as regards the triage process, also mentioning an upcoming event that may be relevant. Members noted that while the Government’s Mortgage Rescue programme ended 31 March 2014, there was early discussion with RPs as regards trying to organise a local response. Members were informed that over the last 5 years there had been 3,500 preventions and the quarterly performance reports provided a breakdown of the numbers being helped. It was noted that, in general, around 6,000 presentation a year would lead to 1,200 preventions, 1,000 homeless application with the remainder not engaging further, often as they have only contacted Housing Solutions for a “one-off” piece of advice.

The Principal Overview and Scrutiny Officer noted that work had been undertaken by the Overview and Scrutiny Management Board as regards the impact of Welfare Reform, and added that work was ongoing corporately in relation to Welfare Reform.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That an update in relation to the development of the Homelessness Strategy be given at a future meeting of the Committee.

9 Members' Reference Group - Update

The Overview and Scrutiny Officer referred Members to the update report and presentation as regards the Members' Reference Group (MRG) looking at the implications of changes in Government funding and policy on the economy of County Durham (for copy see file of minutes).

Members were reminded that the MRG was set up to work with Officers from Regeneration and Economic Development (RED) and a number of meetings and a site visit had taken place over the period June 2013 to January 2014. Councillors noted the approach taken, looking at scale (how), theme (what), geography (where) and which groups and individuals (who) had been affected. It was explained that interventions and support offered by DCC and partners to tackle the impact in changes to Government funding and policies. Members noted that there were also opportunities identified to help mitigate the impact of those changes.

Councillors were reminded of the key findings of the Group, noting the significant North / South disparity in the Government's Comprehensive Spending Review (CSR), and the loss of flexible and need based funding such as Area Based Grants (ABG), Working Neighbourhood Fund (WNF) and Local Enterprise Growth Initiative (LEGI). Members noted opportunities included new European Funding 2014-20 with County Durham having access to €157 as a Transition Region. Issues highlighted included: the employment rate; evidence of a move from full-time to part-time employment; concentrations of low qualifications in certain areas; and particular groups being more affected, for example those reliant upon benefits and the young. It was noted that there were opportunities in respect of new companies such as Hitachi and Mazars bringing forward large developments, and the subsequent supply chains.

The Overview and Scrutiny Officer referred to an overview of National Policy changes, noting the significant changes to employability policy and the move away from "cradle-to-grave" business support in favour of support to larger companies. Members were reminded of the input from partner organisations, with the interventions and support offered by JCP, the Federation of Small Businesses (FSB), Business Durham (BD) and local Colleges, Bishop Auckland College being the examples used.

Members noted the draft recommendations in relation to the following key areas:

- Continue to monitor the impact of changing policy and funding on the economy of County Durham.
- Information is provided on the state of the County's economy to the Economy and Enterprise Overview and Scrutiny Committee via the newly established Data Management Group of the County Durham Economic Partnership.
- That interventions are used to address need and opportunities within the County.

- That a co-ordinated approach is undertaken to maximise the benefits of the EU Funding programme 2014-2020.

The Overview and Scrutiny Officer concluded by noting that the draft report would be circulated to Members of the MRG, then to the relevant Assistant Chief Executive (ACE) and RED Management Teams prior to coming back to the Committee on 7 April for agreement, then to be presented to the relevant Portfolio Holders, Councillors N Foster, A Napier and E Tomlinson.

Councillor P Stradling noted that as the issues were cross-cutting it may be appropriate that the report be forwarded to Cabinet rather than Portfolio Holders, Members agreed. The Principal Overview and Scrutiny Officer added that it could also be useful to circulate the report, once agreed to the County Durham Economic Partnership (CDEP) and other partners in respect of the wider cross-cutting issues.

Resolved:

- (i) That the report and presentation be noted.
- (ii) That the final report of the Members' Reference Group be presented for consideration by members at the meeting of the Economy and Enterprise Overview and Scrutiny Committee, 7 April 2014.

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**Economy and Enterprise Scrutiny
Committee**

7 April 2014



**Regeneration and Economic
Development: Quarter 3 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 December 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 - £43.212m (original £41.801m)*
- *Housing Revenue Account - £65.203m*
- *RED Capital Programme – £87.099m (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 stationery budgets -£36k
- Increase in Assets budget relating to security at former Whinney Hill School +£83k
- Use of RED Cash Limit +£317k
- Use of Strategic Reserve for redundancies +£52k
- Use of Durham City Vision Reserve +£29k
- Use of Performance Reward Grant Reserve +£134k

- Use of Visit County Durham Reserve +£53k
- Use of Economic Development Employability Reserve +£188k
- Use of Repossession Reserve +£48k
- Use of Housing Solutions Reserve +£110k
- Use of Growth Point Reserve +£16k
- Use of Town Team Partners Reserve +£20k
- Use of Funding and Programme Reserve +£50k
- Use of Planning Reserve +£435k
- Use of LSVT Reserve +£11k
- Contribution to Durham Employment & Skills Reserve -£186k
- 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 £43.212m.

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 spend which is **£0.273m** overbudget against the **£43.212m** allocation. However, this includes a contribution of £0.875m to the Council's Strategic Reserve to aid the meeting of future redundancy payments. Excluding this contribution it is forecast that spend is £0.602m underbudget. This is an increase of £0.178m from the previous forecast (Quarter 2) of spend of £0.424m underbudget.
6. The tables below compares 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 (in £'000s)

Subjective Heading	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	29,062	22,439	29,314	252	30	282
Premises	2,748	3,256	2,679	-69	1	-68
Transport	1,349	775	1,115	-234	-1	-235
Supplies and Services	11,266	7,452	11,142	-124	552	428
Agency and Contracted	19,707	13,850	19,966	258	-	258
Transfer Payments	200	1	13	-187	2	-185
Central Costs	8,283	2,030	9,661	1,378	1,979	3,357
GROSS EXPENDITURE	72,615	49,803	73,890	1,274	2,563	3,837
INCOME	-29,403	-23,255	-33,021	-3,618	54	-3,564
NET EXPENDITURE	43,212	26,548	40,869	-2,344	2,617	273

Analysis by Head of Service (in £'000s)

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Strategy Programmes Performance	1,850	1,515	1,702	-148	-	-148
Economic Development & Housing	7,733	5,365	7,243	-490	514	24
Planning & Assets	6,869	5,077	5,766	-1,104	479	-625
Transport & Contracted	18,274	13,635	17,690	-584	749	165
Central Managed Costs	8,486	956	8,468	-18	875	857
NET EXPENDITURE	43,212	26,548	40,869	-2,344	2,617	273

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) / Overbudget	(Under) / Overbudget
Strategy Programmes Performance	Management	Minor Variance	(3)	(148)
	Strategy, Policy, Partnerships & Support	£67k underbudget on employees due to two vacancies and a secondment to Association of North East Councils. £4k underbudget on supplies.	(71)	
	County Durham Economic Partnership	£4k underbudget on employees and transport. £28k underbudget on supplies.	(32)	
	Planning & Performance	£30k underbudget on employees due to maternity savings and vacant post. £4k underbudget on supplies.	(34)	
	Funding and Programmes	£8k underbudget on employees due to maternity leave.	(8)	
Economic Development & Housing	Head of Economic Development	Minor Variance	2	(148)
	Physical Development	Minor Variance	(9)	

Head of Service	Service Area	Description	(Under) / Overbudget	(Under) / Overbudget
	Visit County Durham	£20k overbudget on employees due to apprentice costs and unmet vacancy savings £38k overbudget on festivals and events relating to Bishop Auckland Food Festival	58	
	Business Durham	£40k overbudget on employees due to unmet vacancy savings and handover of Managing Director post £80k overbudget due to debts written off £38k under achieved income on Industrial Estates £29k underbudget on general Business Space budgets £107k underbudget on business development and growth activities	22	
	Economic Development	£39k approved extra spend on apprenticeships	39	
	Housing Solutions	£10k underbudget on homelessness prevention fund £8k underbudget on supplies	(18)	
	Housing Regeneration	£48k underbudget on employees due to savings on 3 part time posts and manager leaving mid year £6k underbudget on transport costs £16k underbudget on general supplies	(70)	24
Spatial Policy, Planning Assets & Environment	Head of SPPAE	Minor Variance	(6)	
	Spatial Policy	£7k underbudget on employees £10k underbudget on transport £150k agreed overbudget on public consultation costs regarding Local Development Framework	133	
	Development Management	£52k underbudget on employees due to staff turnover £65k underbudget on transport £76k overbudget on computer software (awaiting implementation of single planning system) £485k over achieved income partly due to a number of major applications i.e. Hitachi	(526)	
	Building Control	£104k underbudget on employees due to staff turnover £20k underbudget on transport £40k underbudget on supplies & services £56k underachieved building control fee income	(84)	
	Environment & Design	£51k underbudget on employees due to 2014-15 MTFP savings achieved early £26k underbudget on transport £61k underbudget on supplies and services £19k underbudget on premises £29k overachieved income re RENERGY	(186)	
	Assets - Asset Management	£19k underbudget on employees due to maternity leave and staff turnover £102k over achieved fee income relating to large sales such as Cobblers Hall £293k overbudget relating to under achieved income in property management, such as North Road Durham, Brackenhill Peterlee, Millenium Square Durham and Newgate Street Bishop Auckland. £52k underbudget on surplus properties £76k underbudget due to one off income relating to a legal claim for dilapidation costs at a former Easington DC building	44	(625)
Transport	Head of Transport	Minor Variance	3	

Head of Service	Service Area	Description	(Under) / Overbudget	(Under) / Overbudget
	Traffic	£10k overbudget on employees due to unmet vacancy savings £9k underbudget on premises costs £12k underbudget on transport costs £417k overbudget due to additional enforcement activity and inflationary contract costs £35k overbudget on cost of events e.g. Lumiere and Gospels	441	
	Sustainable Transport	£279k underbudget in bus contract payments due to new contracts being negotiated in 2013-14	(279)	
	Supported Housing	Minor Variance	0	165
Central	Central Costs	£18k income from procurement rebate £875k contribution to corporate strategic redundancy reserve		857
TOTAL				273

8. In summary, the service grouping is forecasting a cash limit spend of £0.273m overbudget. However, prior to the contribution of £0.875m to the Council's Strategic Reserve to aid the meeting of future redundancy payments 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 £861k towards the capital programme.

Housing Revenue Account	Budget £'000	Forecast Outturn £'000	Variance £'000
Income			
Dwelling Rents	(63,633)	(63,202)	431
Other Income	(1,466)	(1,457)	9
Interest and investment income	(104)	(104)	0
	(65,203)	(64,763)	440
Expenditure			
ALMO Fees	16,469	16,469	0
Repairs, Supervision and Management Costs	12,220	12,204	(16)
Depreciation	7,850	8,150	300
Interest Payable	12,447	10,862	(1,585)
Revenue contribution to capital programme	16,217	17,078	861
	65,203	64,763	(440)
Net Position	0	0	0

11. In summary, the main and significant variances with the budget are explained below and relate to the figures and corresponding notes shown in **Appendix 2**:
- a) **Dwelling Rents £431k 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;
(Current void rate is 1.85% which equates to 342 properties)
 - b) **General Supervision & Management £185k overbudget** – this results from the Customer Service charge for Durham City Homes being higher than the original budget and additional asset management work relating to Housing Stock Transfer;
 - c) **Special Supervision and Management £23k underbudget** – this results from general efficiency savings on the running expenses of Communal Halls in the Durham City area;
 - d) **Rents , Rates and Taxes £140k overbudget** – this is an increase in Council Tax charges resulting from increased voids;
 - e) **Depreciation & Impairment £300k overbudget** – this is an impairment charge resulting from a revaluation of garages in the East Durham Homes area;
 - f) **Changes in Bad Debt Provision £318k underbudget** – this results from lower than anticipated arrears, due to the delay by the Government in introducing Universal Credit and the work carried out by the three providers in maintaining rent arrears at a consistent level;
 - g) **Interest Payments £1,585k underbudget** – this results from a lower interest rate and lower outstanding loan debt than originally anticipated;
 - h) **Revenue Support to Capital £861k 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 38 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 **£87.099m** - consisting of **£37.280m** for the General Fund and **£49.819m** for the HRA.

14. Summary financial performance to the end of December is shown below.

Service	Original Annual Budget 2013/14 £000	Revised Annual Budget 2013/14 £000	Actual Spend to 31 December £000	Remaining Budget £000
General Fund	49,318	37,280	22,463	14,817
HRA	49,350	49,819	30,914	18,905
Total	98,668	87,099	53,377	33,722

15. Actual spend for the first nine months amounts to **£53.377m** – consisting of **£22.463** for the General Fund and **£30.914m** 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 31st December amounts to £22.463m. The key areas of spend to date have been on Barnard Castle Vision (£1.515m), Industrial Estates (£1.977m), Town Centres (£1.272m), Housing Renewal (£1.910m), Gypsy Roma Travellers Sites (£1,304m), Durham County Cricket Club (£1.000m), Financial Assistance Programme (£2.193m), Structural Capitalised Maintenance (£3.611m), and the Local Transport Plan (£3.588m).
17. The HRA programme is being significantly supported with £19m of Homes and Communities Agency Decent Homes Backlog Grant funding. In the first nine months of the financial year a total of 2,656 properties have been brought up to the Decent Homes standard.
18. At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

Recommendations:

19. The Economy and Enterprise Scrutiny Committee is requested to note the contents of this report.

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

Appendix 1: Implications

Finance

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

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: 2013-14 Housing Revenue Account

	2013/14 Budget	2013/14 Forecast Outturn	Variance	
	£000	£000	£000	
Income				
Dwelling Rents	(63,633)	(63,202)	431	a
Non Dwelling Rents:	(1,075)	(1,068)	7	
Charges for Services and Facilities	(391)	(389)	2	
Total Income	(65,099)	(64,659)	440	
Expenditure				
ALMO Management Fee	16,469	16,469	0	
Repairs and Maintenance	4,433	4,433	0	
Supervision and Management - General	4,417	4,602	185	b
Supervision and Management - Special	411	388	(23)	c
Rent, Rates, Taxes and Other Charges	310	450	140	d
Depreciation and Impairment of Fixed Assets	7,850	8,150	300	e
Bad Debt Provision and Debts Written Off	968	650	(318)	f
Debt Management Costs	194	194	0	
Total Expenditure	35,052	35,336	284	
Net Cost of HRA Services per I&E Account	(30,047)	(29,323)	724	
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)	(27,836)	724	
Interest Payable and Similar Charges	12,447	10,862	(1,585)	g
Direct Revenue Financing (Contribution to Capital)	16,217	17,078	861	h
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 31 December £000	Remaining Budget £000
General Fund				
Economic Development & Housing				
Barnard Castle Vision	1,685	1,550	1,515	170
Durhamgate	1,209	985	961	248
Industrial Estates	2,376	1,979	1,977	399
North Dock Seaham	142	152	132	10
Office Accommodation	497	338	338	159
Town Centres	1,988	1,266	1,272	716
Urban and Rural Renaissance Programme	180	28	37	143
Minor Schemes	909	359	249	660
Disabled Facilities Grant /FAP (1)	4,059	2,312	2,193	1,866
Gypsy Roma Travellers	2,258	1,304	1,304	954
Housing Renewal	3,193	2,003	1,910	1,283
Cricket Club	1,600	1,400	1,000	600
Planning & Assets				
Renewable Energy Schemes	847	311	311	536
Structural Capitalised Maintenance	5,865	3,545	3,611	2,254
Woodham Community Tech College	15	0	0	15
Minor Schemes	913	493	551	362
Transport & Contracted Services				
Local Transport Plan	5,358	3,588	3,588	1,770
Transport Corridors	232	193	192	40
Transport Major Schemes	2,435	933	933	1,502
Transit 15	798	130	131	667
CCTV	333	101	8	325
Minor Schemes	250	250	222	28
Strategy & Programmes Minor Schemes				
	138	28	28	110
General Fund Total	37,280	23,248	22,463	14,817
Housing Revenue Account (2)				
Durham City Homes	13,906	10,430	9,406	4,500
Dale and Valley Homes	8,000	6,000	4,850	3,150
East Durham Homes	27,389	18,099	16,464	10,925
Mortgage Rescue	200	0	0	200
New Build	100	0	0	100
Housing Demolitions & Regeneration	224	216	194	30
Housing Revenue Account Total	49,819	34,745	30,914	18,905
RED Total	87,099	57,993	53,377	33,722

(1) Financial Assistance Programme

(2) HRA actual spend includes accruals for Housing Providers



7 April 2014

Quarter 3 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 third quarter of 2013/14.

Background

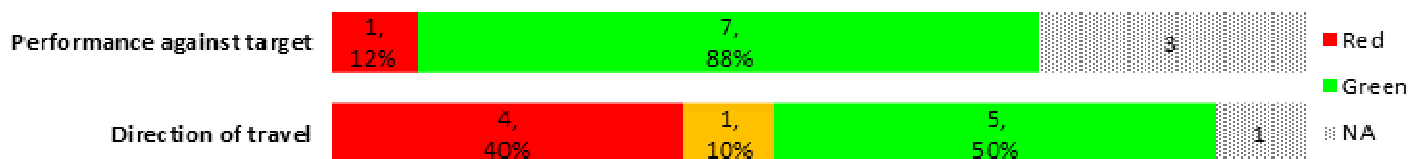
2. This is the third quarterly corporate performance report of 2013/14 for the Council highlighting performance for the period October to December 2013. The report contains information on key performance indicators, risks and Council Plan progress.
3. The report sets out an overview of performance and 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 allows us to better quantify productivity and to monitor the effects of reductions in resources and changes in volume of activity. Charts detailing some of the key volume measures which form part of the Council's corporate basket of performance indicators are presented in Appendix 4.

Altogether Wealthier: Overview

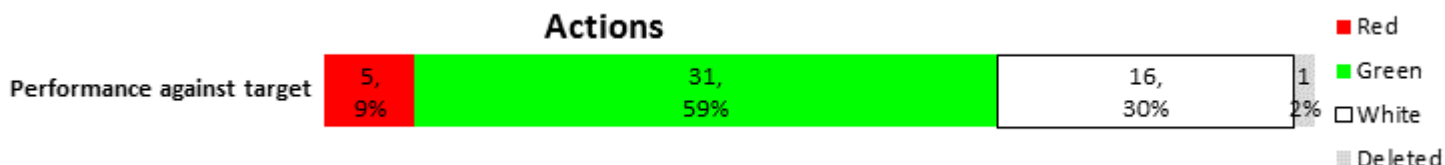
Target performance indicators



Tracker performance indicators



Actions



Council Performance

6. Key achievements this quarter include:

- a. During quarter 3 a further 28 empty properties have been brought back into use due to the targeted approach and partnership work with registered providers. Since April 2013, 80 properties have been brought back into use and performance now exceeds the annual target of 75. Discussions with owners regarding the options for returning their properties back into use has continued and included purchase, lease and repair schemes or advertising through the Durham Key Options scheme. The revised grants and interest free repayment loans process, through the empty homes cluster programme, was launched in October to assist the return of empty properties back into use within designated areas.
- b. This quarter 215 private sector properties were improved as a consequence of local authority intervention, bringing the total since April 2013 to 674. Performance exceeds the period target of 592. Property condition inspections continue to be undertaken in selective licensing designations.
- c. The number of non-decent homes for all providers continues to decrease from last quarter. East Durham Homes has improved from 31.9% to 26% and good progress is being made towards their target of 25% by the year end. This represents an improvement of 43% from the corresponding period last year, when 45.5% of homes were non-decent. Dale and Valley Homes has improved from 14.8% to 6.8%. Non-decency levels for Durham City Homes have reduced from 8% to 4.5%. Both Dale and Valley Homes and Durham City Homes are on track to meet their 0% target.
- d. Good progress has been made with the following Council Plan and service plan actions:
 - i. Delivery of Durham City Regeneration Schemes is due for completion by March 2017. Works on the former ice rink site for the National Savings and Investment office are on course. Design options are under consideration for the redevelopment of North Road Bus Station and the preferred option feasibility design and costing for the redevelopment of North Road is expected in March 2014.

- ii. Work to increase the number of visitors to the city, making it a viable 48 hour stay for tourists, is due by March 2015. The destination marketing campaign for Lindisfarne Gospels was nominated for UK creative out of home awards and the destination marketing for Lumiere was profiled at the World Travel Market as an example of best practice in digital marketing.
- iii. In relation to the future of Council housing across County Durham, the Council submitted its application to proceed with the stock transfer to the Homes and Communities Agency on 3 December 2013 and it is hoped that an outcome will be known by March 2014. The shadow board has met for the first time and an Interim Managing Director to lead the new registered provider was appointed in December.
- iv. Renewal/refurbishment of Gypsy roma traveller sites has made good progress. Works at the Adventure Lane, West Rainton site commenced in October 2013 and at the Tower Road, Stanley site in November 2013 and both sites are progressing to schedule. Planning approval for the Drum Lane, Chester-le-Street site was granted in November and for Green Lane, Bishop Auckland in December. Works are scheduled to commence on both sites shortly.

7. The key performance improvement issues for this theme are:

- a. The percentage of major planning applications determined within 13 weeks has fallen from 76.7% in quarter 2 to 72.7% this quarter. However this remains above the 71% target and is an improvement from 69.7% in quarter 3 2012/13. Performance compares favourably with the national rate (67%) although is not as good as the nearest statistical neighbour rate (75%). The overall proportion of planning applications determined within deadline has also fallen, from 88.5% last quarter to 85% this quarter but performance is in line with the 85% target. Staff changes and IT training have contributed to this slight dip in performance this period. The numbers of major and overall planning applications have both decreased this quarter compared to previous quarter. Major planning applications have fallen from 43 at the previous quarter to 33 this quarter. Overall planning applications have fallen from 762 at the previous quarter to 711 this quarter with a further fall from 719 in quarter 3 2012/13 (see Appendix 4, Chart 1).
- b. Key Council Plan actions behind target in this theme include:
 - i. The development of the County Durham Plan. Preparation for examination in public, including mock examination and pre-enquiry meeting is due by June 2014. This has been revised to July 2014. Following on from the extensive consultation on the pre-submission draft, work is being undertaken to prepare the plan for submission. If any changes are made to the plan at this stage then further consultation may be required. It is anticipated that submission will take place in April 2014 with the examination in public likely to start in July 2014, possibly lasting for up to three months.
 - ii. Delivery of a programme of transport capital works across the county:
 - A167 Northlands roundabout at Chester-le-Street is due for completion by April 2014. Advance utility works are now ongoing however construction will now take place between April and August 2014.
 - Bishop Auckland rail station was due by November 2013. This has been revised to February 2014 because a delay with the BT Openreach telephone connection has deferred the opening of a new passenger waiting room and travel hub. The waiting room will be opened as soon as possible once the external signage is complete. This action was delayed from September to November 2013 in quarter 2.

- East Durham rail station was due for completion by December 2014. This has been delayed until March 2015 due to communication issues with Network Rail. The revised development agreement has been received from Network Rail for stages one to four of the Governance for Railway Investment Project and it is anticipated to commence in February 2014.
- c. There is also one action that has been deleted which is to deliver traffic priorities in Durham City including linking traffic signals to develop more effective flows of traffic and the use of technologies to reduce congestion on the network by 2015. Funding was expected for this project when the Council Plan for 2013/14 was in development but unfortunately this was not granted and no other form of funding has yet been identified.
8. Tracker indicators for this priority theme (see Appendix 3, table 2) show:
- a. The number of people in employment has fallen by 3,800 since the last quarter, from 228,300 to 224,500. This represents a decrease in the employment rate from 67.1% reported last quarter to 65.7% at the end of September 2013 and remains worse than national (71.4%), regional (66.2%) and nearest statistical neighbour (69.4%) rates. The fall in employment this period may be attributable to seasonal fluctuations when uplift in employment was seen last quarter over the early summer period. The employment rate however remains higher than the corresponding period last year when 65.2% of the working age population were employed.
 - b. The proportion of the working age population currently not in work who want a job has improved, falling from 15.49 % to 14.39% (47,400 people). This represents an improvement from the same period last year (16%) but remains below both the national (11.5%) and North East (14.13%) figures. A recent TUC report on the labour market in the regions of England found that despite increases in the number of people in work in the UK and the likelihood of people having a job increasing, people's chances of having a job have fallen in the North East.
 - c. The proportion of Job Seekers Allowance (JSA) claimants claiming for one year or more continues to rise, from 36.12% last quarter to 36.35% this quarter, although the actual number of long term claimants has fallen from 4,740 in September to 4,320 in December, reflecting a fall in overall numbers claiming JSA. County Durham's rate is worse than both the national (27.1%) and North East (35.8%) rates.
 - d. The number of 18 to 24 year olds claiming JSA continues to decrease from 4,255 last quarter to 3,525 this quarter. The youth unemployment level has improved 31% from the same period last year, when there were 5,115 claimants.
 - e. Data provided by the National Apprenticeship Service shows a 17% decrease in the number of apprenticeships started by young people resident in the county from 1,659 in 2011/12 academic year to 1,372 in 2012/13 academic year. However, the number of 19 to 24 year olds starting apprenticeships shows a small increase of 3% during the same period from 2,075 to 2,140. Regional and national comparisons demonstrate similar trends. This quarter, 38 apprenticeships were started through Durham County Council funded schemes, achieving the quarterly target of 33, although this has reduced from 43 reported last quarter.
 - f. The latest local measure at May 2013 shows that the percentage of children in low income families has improved slightly, falling from 24.7% last quarter to 24.4% this quarter. This represents 21,600 children in County Durham where households are claiming out-of-work benefits. The rate shows a reduction from the same period last year (24.8%). This compares favourably with the regional rate (25.3%) but is worse than the national rate (19.4%).

- g. There has been a significant increase in the number of housing completions with 352 net additional homes being completed during quarter 3 compared to 165 in quarter 2 and 158 for the corresponding period last year. The number of affordable homes delivered has also improved, from 78 in quarter 2 to 176 in quarter 3, exceeding the quarterly target of 88 and performance for the same period last year (55). Since April 2013, 314 affordable homes have been completed, showing good progress towards achieving the annual target of 350. The increase is as the result of a number of planning permissions being implemented in the southern area of the county. In Durham City there were 18 new homes completed, an increase from 11 in quarter 2 and 10 in quarter 3 2012/13. The proportion of homes completed in and near major settlements fell from 69.09% last quarter to 44.8% this quarter.
- h. Homeless indicators continue to show a positive year on year trend. The number of homeless presentations this quarter (1,443) shows a slight increase from last quarter (1,437) and also the same period in 2012/13 (1,437) (see Appendix 4, Chart 2). The level of statutory applications has reduced from 15.17% (218 applications) in quarter 2 to 13.1% (189 applications) in quarter 3 with a 28.7% decrease compared to the same period last year (18.37%, 264 applications). The level of acceptances of a statutory duty has also fallen to 3.4% (49 acceptances) in quarter 3 from 3.83% in quarter 2 (55 acceptances) and 5.22% for the corresponding period last year. The level of preventions has increased from 24.57% in quarter 2 (353 preventions) to 25.29% in quarter 3 (365 preventions), with an improvement of 20% since quarter 3 2012/13 when performance was 21%.
- i. The number of families rehoused through Durham Key Options system has increased by 12% from 1,224 last quarter to 1,370 this quarter. This compares to 937 for the same period in 2012/13, an increase of 46% (see Appendix 4, Chart 3). This is largely due to increased voids and internal transfers.
- j. As reported under the Altogether Better for Children and Young People theme, data for October to December 2013 indicate that 7% of 16 to 18 year olds were not in education, employment or training (NEET), which relates to approximately 1,048 young people. This is better than performance in quarter 1 (8.7%) and the regional average of 7.8% but worse than the national rate of 5.7% and statistical neighbour average of 6.5%. As part of the September Guarantee to ensure 16 and 17 year olds receive an appropriate place in education or training, 97.3% of 16 year old school leavers received an offer of education or training in a school, college, work based training provider, or an apprenticeship. This is an increase from 96% in 2012. The proportion of 17 year olds who received an offer was 90.3%, an increase from 89.4% in 2012. Intensive work by the One Point Service and Improving Progression Team has facilitated an increase in 16 to 18 year olds progressing into education, employment or training destinations which has resulted in a significant decrease in the proportion of NEETs. Additional actions which have contributed to the decrease in NEETs include:
- Implementation of risk of NEET indicators across schools so that measures can be put in place to support young people at key transition points.
 - Information about young people who are NEET and young people who are not known is shared on a monthly basis with key partners e.g. schools, colleges and other learning providers.
 - Information about young people who are eligible for support from the youth contract is shared with the provider on a monthly basis in order to engage with those NEETs and help overcome barriers to progression.

9. New developments this period within this priority theme relate to:
- a. The draft North East Local Enterprise Partnership (NELEP) European Structural and Investment Fund (ESIF) Strategy was submitted to Government in October 2013. Durham County Council is leading on the NELEP's Implementation Group to develop governance arrangements for the ESIF programme. A series of work streams have been set up through the Business, Enterprise and Skills EU Group to identify potential activities for the new ESIF programme.
 - b. The draft North East Strategic Economic Plan, which was developed collaboratively with a range of partners across the area, was submitted to Government on the 19th December. Six weeks consultation will commence from January 2014 and the final plan will be submitted to Government in March 2014. Work on the implementation plan for the prioritisation framework will take place January to March 2014.
 - c. Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Councils have all come together to form the North East Leadership Board (NELB). The NELB will join a number of other areas, including West Yorkshire, South Yorkshire and Merseyside, in making working arrangements more formal by creating a legal body called a 'combined authority'. This will ensure that the North East does not lose out on opportunities for greater decision-making powers or access to more funding from Government. A proposal has been submitted to the Secretary of State at the Department for Communities and Local Government to establish the NELB as the combined authority for the area. If successful, the NELB will come into effect on 1 April 2014. We will continue to work together to develop the practical arrangements necessary to operate the combined authority.
10. There are no key risks in delivering the objectives of this theme.

Recommendations and reasons

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

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Tel: 03000 268 071 **E-mail:** jenny.haworth@durham.gov.uk

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



Latest reported data remain in line with comparable period



Latest reported data have deteriorated from comparable period



Performance against target

Performance better than target

Getting there - performance approaching target (within 2%)

Performance >2% behind target

Actions:



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



Action on track to be achieved by the deadline



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

Benchmarking:



Performance better than other authorities based on latest benchmarking information available



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



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	109	Apr - Dec 2013	97	Not comparable [1]	New indicator	Not comparable [2]			
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	176	Oct - Dec 2013	88	GREEN	55	GREEN			
4	Number of private sector properties improved as a direct consequence of local authority intervention	674	Apr - Dec 2013	592	GREEN	911	RED			
5	Number of empty properties brought back into use as a result of local authority intervention	80	Apr - Dec 2013	53	GREEN	46	GREEN			
6	Proportion of Dale and Valley Homes properties currently not meeting decency criteria	6.8	As at Dec 2013	0.0	Not comparable [1]	1.3	RED	36.4 Not comparable	4.4** Not comparable	2011/12
7	Proportion of Durham City Homes properties currently not meeting decency criteria	4.5	As at Dec 2013	0.0	Not comparable [1]	4.5	AMBER	36.4 Not comparable	4.4** Not comparable	2011/12
Page 29	Proportion of East Durham Homes properties currently not meeting decency criteria	26.0	As at Dec 2013	25.0	RED	45.5	GREEN	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
9	Percentage of Council owned factories and business support centre floorspace that is occupied	76.5	As at Dec 2013	75.0	GREEN	71.0	GREEN			
10	Percentage of major planning applications determined within 13 weeks	72.7	Oct - Dec 2013	71.0	GREEN	69.7	GREEN	67.0 GREEN	75** RED	Oct - Dec 2013
11	Overall proportion of planning applications determined within deadline	85	Oct - Dec 2013	85.0	GREEN	85.2	RED			
Altogether Better for Children and Young People										
13	Percentage of 16-18 year olds whose status is 'not known'	7.0	As at Dec 2013	8.5	GREEN	NA	<u>Not comparable</u> [2]	11.1	8.3**	As at Nov 2013

[1] Annual target

[2] Due to changes to the indicator previous year's data is not comparable

Table 2: Key Tracker Indicators

Ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Wealthier										
98	Number of the top retailers represented in Durham City	13	As at Dec 2013	13	AMBER	13	AMBER			
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	71.08	As at Dec 2013	73.58	RED	75.57	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	317,904	Oct - Dec 2013	325,457	RED	301,729	GREEN			
102	Number of all new homes completed in Durham City	18	Oct - Dec 2013	11	GREEN	10	GREEN			
103	All homes completed in and near all major settlements, as defined in the County Durham Plan, as a proportion of total completions	44.80	Oct - Dec 2013	69.09	RED	67.00	RED			

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
104	Proportion of properties within the county that are within Council tax band D and above as provided by the District Valuation Office	14.89	As at Dec 2013	14.86	GREEN	14.79	GREEN			
105	Total number of planning applications received against all categories	711	Oct - Dec 2013	762	RED	719	RED			
106	Total number of major planning applications received	33	Oct - Dec 2013	43	RED	33	AMBER			
107	Number of apprenticeships started by young people resident in County Durham as recorded by the National Apprenticeship Service	1,372	2012/13 ac yr	1,659	RED	1,659	RED			
108	Proportion of the working age population defined as in employment	65.7	Oct 2012 - Sept 2013	67.1	RED	65.2	GREEN	71.4 RED	66.2* RED	Oct 2012 - Sept 2013
109	Number of Jobseeker's Allowance (JSA) claimants aged 18-24	3,525	As at 12 Dec 2013	4,255	GREEN	5,115	GREEN			
110	Proportion of all Jobseeker's Allowance (JSA) claimants that have claimed for one year or more	36.35	As at 12 Dec 2013	36.12	RED	30.78	RED	27.10 RED	35.8* RED	As at Dec 2013
111	Percentage of children in low income families (quarterly proxy measure) (Also in Altogether Better for Children and Young People)	24.4	As at May 2013	24.7	GREEN	24.8	GREEN	19.4 RED	25.3* GREEN	As at May 2013

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
112	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
113	Proportion of the working age population currently not in work who want a job	14.39	Oct 2012 - Sept 2013	15.49	GREEN	16.00	GREEN	11.50 RED	14.13* RED	Oct 2012 - Sept 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	352	Oct - Dec 2013	165	GREEN	158	GREEN			
116	Total number of those registered on the Durham Key Options system who have been rehoused (includes existing tenants and new tenants)	1,370	Oct - Dec 2013	1,224	GREEN	937	GREEN			
117	Number of preventions as a proportion of the total number of housing solutions presentations	25.29	Oct - Dec 2013	24.57	GREEN	21.00	GREEN			
118	Number of statutory homeless applications as a proportion of the total number of housing solutions presentations	13.1	Oct - Dec 2013	15.17	GREEN	18.37	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
119	Number of homeless acceptances (of a statutory duty) as a proportion of the total number of housing solutions presentations	3.4	Oct - Dec 2013	3.83	GREEN	5.22	GREEN			
120	Total number of housing solutions presentations	1,443	Oct - Dec 2013	1,437	RED	1,437	RED			
121	Number of passenger journeys made by concessionary bus pass holders	2,513,309	Oct - Dec 2013	2,567,198	RED	2,528,542	RED			
122	Number of passenger journeys made on the Link2 service	8,351	Oct - Dec 2013	8,425	RED	8,089	GREEN			
123	Number of trips made using Council funded community transport	10,500	Oct - Dec 2013	11,515	RED	41,085	Not comparable [2]			
124	Number of local passenger journeys on the bus network	6,210,395	Oct - Dec 2013	6,106,674	GREEN	6,177,587	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)	77	Oct - Dec 2013	104	RED	212	RED			

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
128	Number of new business start-ups as a result of receiving business assistance	9	Jul - Sept 2013	11	RED	New indicator	NA			
Altogether Better for Children and Young People										
129	Percentage of 16 to 18 year olds who are not in education, employment or training (NEET)	10.4	Nov 2012 - Jan 2013	7.5	RED	7.5	RED	5.6	7.3**	Mar 2013
130	Percentage of 16 to 18 year olds who are not in education, employment or training (NEET) - comparison against corresponding quarter of previous year	7	Oct - Dec 2013	14.9	Not comparable [2]	Not comparable	Not comparable [2]	6		Sept - Nov 2013

[\[2\] Due to changes to the indicator previous year's data is not comparable](#)

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

Appendix 4: Volume measures

Chart 1 – Planning applications

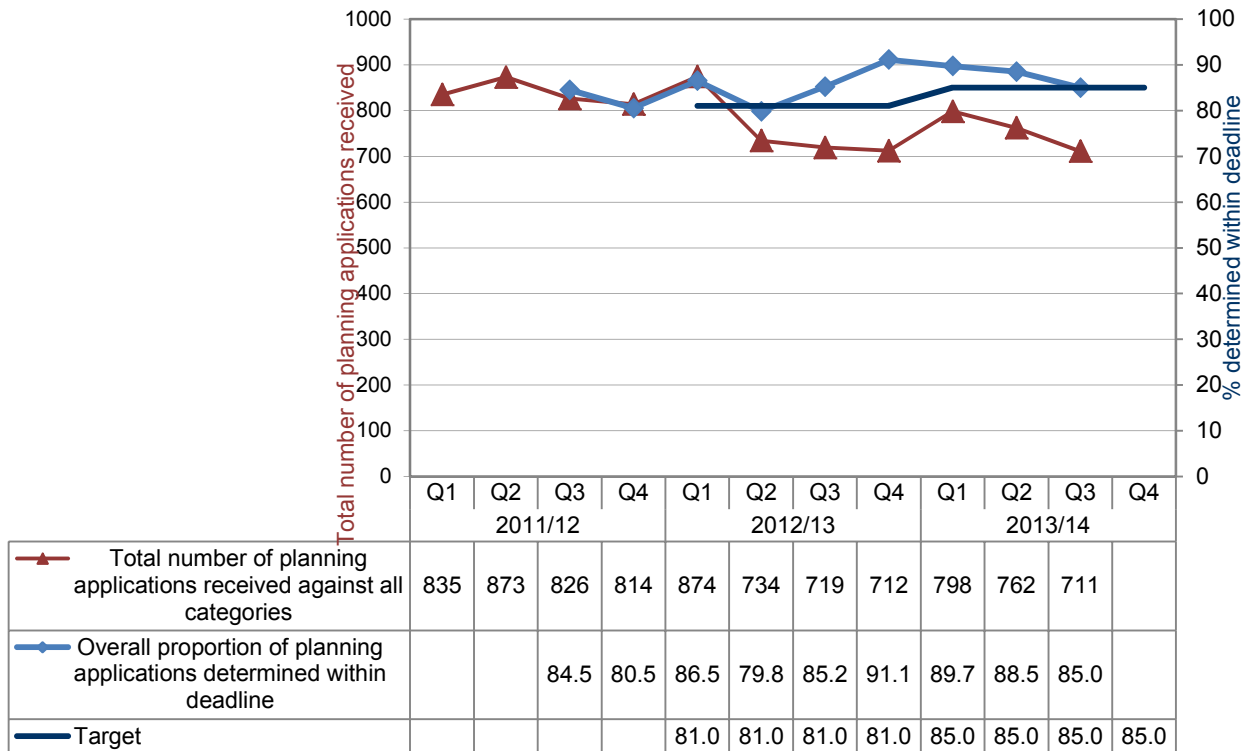


Chart 2 – Housing Solutions presentations

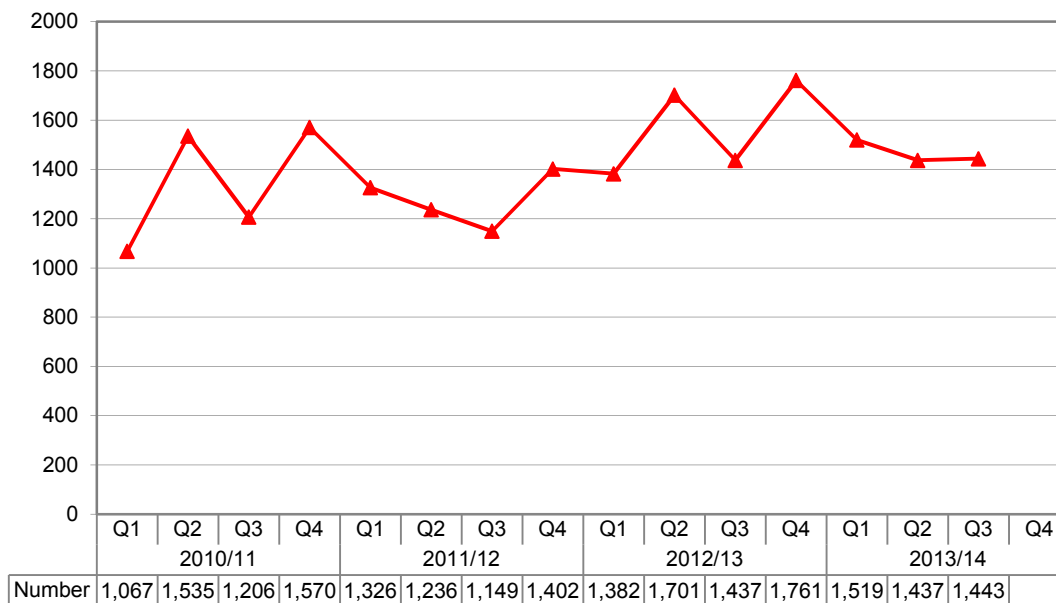
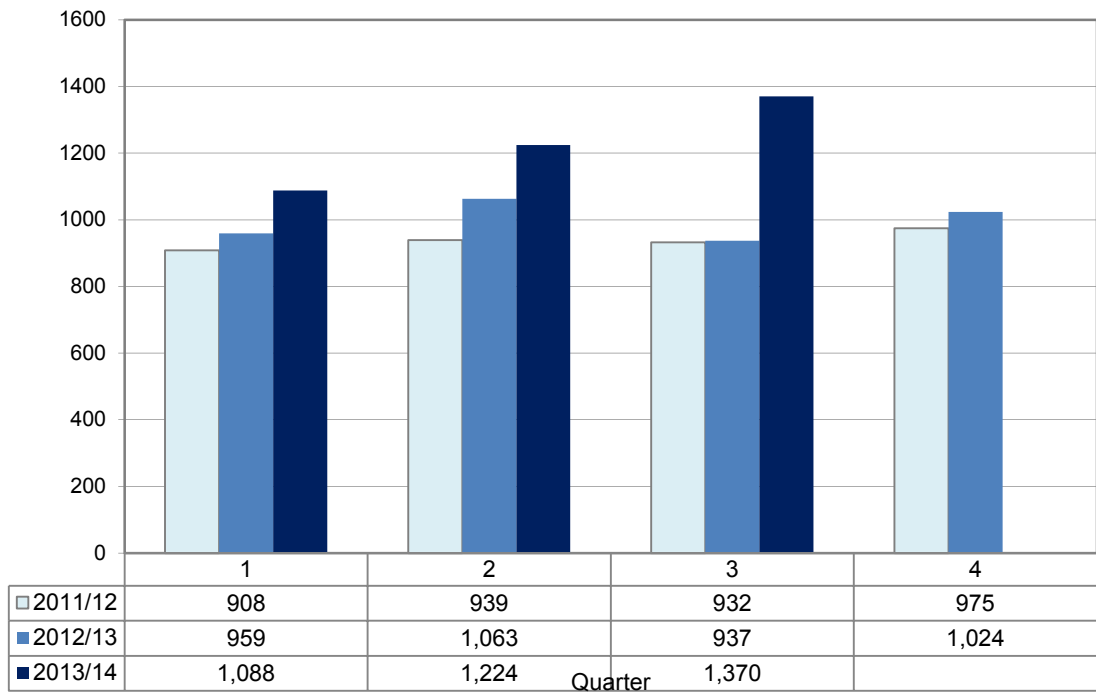


Chart 3 – Durham Key Options - total number of those registered on the Durham Key Options system who have been rehoused (includes existing tenants and new tenants)



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**Economy and Enterprise
Overview and Scrutiny
Committee**



7 April 2014

Combined Authority – Update

**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 progress made to establish a combined authority for Durham, Northumberland and Tyne and Wear. This report covers feedback from the SoS consultation, an update on the order and next steps in regards to establishing the Combined Authority for the North East.

Background

- 2 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.
- 3 On 24 June 2013 Cabinet endorsed the findings of the Governance Review undertaken in April/May 2013, including specifically the finding that the creation of a Combined Authority covering the authority areas of Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, Sunderland (the LA7) would improve the discharge of functions relating to transport, skills and economic development across the region. All of the LA7 Cabinets considered that a Combined Authority would strengthen collaboration between the seven local authorities and enable strategic decision-making on economic growth and transport to be taken. On 24 July 2013 Council endorsed the decision of Cabinet. The Councils of the other LA7 authorities in turn endorsed the decision of their respective Cabinets.
- 4 The Scheme and Governance Review documents were submitted to the Secretary of State in August 2013, after a period of consultation had been undertaken with regional and local stakeholders, inviting him to consider making an Order that would establish a Combined Authority across the LA7 area. There was support for the creation of a Combined Authority from all stakeholders.

- 5 Members will recall that the Economy and Enterprise Overview and Scrutiny Has received updates on the progress of the proposal for a Combined Authority at meetings of the Committee held on the 10 September, 21 October and the 9 December 2013. At the meeting held on the 9 December 2013 Members were informed that as part of the legislative process to establish the new body (Combined Authority) and gain parliamentary approval, the Government must run a consultation to seek the views on the proposed Combined Authority and that the consultation would run until the 2 January 2014.
- 6 Arrangements have been made for the Spatial Policy Team Leader to attend the meeting on the 7 April to deliver a presentation focusing on:
 - Results of the local consultation and the Secretary of State consultation on the proposal to establish a Combined Authority
 - The Combined Authority Order
 - The Combined Authority Constitution and Operating Agreement
 - The Combined Authority Structure
 - Next Steps

Consultation

- 7 As part of the legislative process to establish the new body and gain Parliamentary approval, the Government was obliged to run a consultation to seek views on the proposal. The Secretary of State consulted with the seven local authorities involved and the Tyne and Wear Integrated Transport Authority as statutory consultees and also invited the North East Local Enterprise Partnership (NELEP), the Northumberland National Park Authority and Local Authorities neighbouring the Combined Authority area to respond. The consultation involved the production of a Consultation Document and Draft Order which were appended to the report of Cabinet on 18 December 2013.
- 8 The consultation sought comments on the proposal to establish a Combined Authority, setting specific questions on:
 - local support establishing the Combined Authority (CA);
 - if the CA will improve the provision of transport, economic development, regeneration in the area and economic conditions of the area;
 - the impact of the CA on local communities;
 - the constitutional arrangements and functions to the CA; and
 - How the NELEP and the CA will work together.

- 9 The Consultation Document specifically requested the local authorities “to actively seek through such means as they consider appropriate the views of their residents, local businesses and the voluntary sector with a view to providing the necessary evidence for Government to be satisfied about the degree of local support there is for a Combined Authority”.
- 10 A letter was sent to regional stakeholders informing them of the consultation and seeking support. Online surveys were published on the website of each of the LA7 authorities with a common introduction and set of questions and in addition each of the authorities undertook consultation with their own areas as considered appropriate by them. The consultations included face to face discussions with residents and other key stakeholders within business as well as the public and community/voluntary sectors. Each local authority arranged focus group sessions to allow for a representative population and geographical coverage, three being held in County Durham, one in Durham City, one in Crook and one in Murton. A brief update was circulated to Durham County Council Members and employees to keep everyone informed about the process. At the Economy and Enterprise Overview and Scrutiny Committee on the 9 December 2013 Members provided comments which were then fed into the ongoing consultation process as the Overview and Scrutiny response.
- 11 The consultation exercise undertaken locally by the local authorities, resulted in total to responses from over 650 interested parties – including around 450 residents. An online survey received 444 responses, with 324 (75 per cent) from residents. 75 per cent of respondents to the online survey were supportive of the proposal to establish the Combined Authority for the area. A similar proportion considered that a more co-ordinated approach would help improve the effectiveness and efficiency of transport and provision of economic development and regeneration within the seven local authority areas. In addition to the survey local consultation took the form of 16 focus groups, a range of meetings with interested parties, direct correspondence and articles in the local press. The vast majority of responses were positive and they centred on efficiency of service delivery, the value of coordination across a larger area and the need for a single voice.
- 12 On 18 December 2013, Cabinet considered and approved the local authority response to the consultation and delegated to the Corporate Director, in consultation with the Cabinet Portfolio Holder the finalisation of the joint response and the submission to Government by 2 January 2014.
- 13 The Government’s consultation ran from 7 November 2013 to 2 January 2014. 73 representations were received and of these 47 (64 per cent) supported the proposal to establish the Combined Authority, 22 (30 per cent) opposed the proposal, and four (six per cent) made comments on the proposed constitutional arrangements or functions of the proposed Combined Authority, but did not express a view on whether they supported the proposals. The seven local authorities, the Tyne & Wear Integrated Transport Authority and the North East Local Enterprise Partnership responded to the consultation in support of the principle of a Combined Authority.

In regards to the other responses received, the ones in favour of the proposed Combined Authority cited the potential to maximised economic growth and improve transport provision through coordinated governance arrangements. Concerns were voiced about creating an additional layer of government with an increase in bureaucracy, effective scrutiny and the impact on rural areas. The Secretary of State has confirmed that the Order, appearing at Appendix 2, had been laid and the Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

The Order

- 14 The Order which was laid before Parliament in March 2013. In addition to establishing the Combined Authority, the Order dissolves the Tyne and Wear integrated transport area (TWITA). On its abolition, the TWITA functions, property, rights and liabilities are transferred to the Combined Authority.
- 15 Just as the Order transfers the TWITA functions to the Combined Authority, the Order transfers specific transport functions from the two County Councils to the Combined Authority. However, in terms of the County Councils, only specific transport functions are transferred to the Combined Authority. No property, rights or liabilities that the Counties may have in relation to transport are transferred to the Combined Authority.
- 16 Under the Order, the Constituent Councils meet the costs of the Combined Authority attributable to Economic Development and Regeneration in such proportions as the councils may agree or in default, in equal shares.
- 17 The costs relating to transport functions are more complex. Transport functions of the Integrated Transport Authority (ITA), Durham County Council and Northumberland County Council are transferred to the Combined Authority under Article 6 and 8. This Order and the newly amended Transport Levy Bodies Regulations 1992, involve the Constituent Authorities funding transport functions through a levy. The levies for each authority will be different and based upon what the Combined Authority estimates it will spend on the transport functions in the former TWITA area; Durham County Council and Northumberland County Council.
- 18 There was concern on the part of the County Councils that unless the Order ring fenced the liabilities of the ITA (which has been responsible for Tyne & Wear transport including the Tyne Tunnel and the Metro) to the Tyne & Wear authorities, the County Councils would assume joint responsibility with the other authorities for substantial liabilities. Clause 5(4) of the Order therefore states that when the levy is being determined for the County Council by the Combined Authority, no account may be taken of the costs of meeting any liabilities or expenses, including pension liabilities of the former ITA incurred or to be incurred as a result of the transfer of the transport functions.
- 19 The Order also provides that the Tyne & Wear Passenger Transport Executive (currently Nexus) is to be an Executive Body of the Combined Authority for the purpose of the Transport Act.

- 20 There are continuity provisions of the Order ensuring that the transfer of functions do not affect the validity of anything done by or in relation to the ITA or the County Councils before the commencement date of the Combined Authority and actions of the Constituent Authorities prior to transfer of the transport functions are effective as if made or done by the Combined Authority.
- 21 Very shortly before the commencement date, the Government laid an additional order which amended the Transport Act 1968 and changed the general powers and functions of Nexus and potentially its geographical area of operation. The Integrated Transport Area, which was previously the Tyne and Wear Authority areas only, was amended to include the Combined Authority area as a whole. This would enable an integrated transport system to be set up across the area as a whole without a requirement for a further Order. The delegation of key transport functions back to the County Councils are, however, part of the Constitution, changes to which require a unanimous vote and so any significant change in transport arrangements between the two County Councils and the Tyne and Wear Authorities would require unanimity.
- 22 In part 4, Economic Development and Regeneration functions are stated to be exercised concurrently between the Constituent Councils and the Combined Authority.
- 23 In Schedule 1, the requirements of the Constitution are set out. These requirements include:
- Each constituent Council shall appoint one of its elected members to be a member of the Combined Authority and a member to be a substitute;
 - The NELEP shall nominate one of its members to be a member (“local Enterprise Partnership Member”) and another to be substitute member of the Combined Authority appointing to each of those roles;
 - A Chairman and Vice-Chairman to be appointed at the first meeting of the Combined Authority and in subsequent years at its annual meeting;
 - A quorum of at least two members or substitute members;
 - Normally questions to be decided by majority with each member or substitute member having one vote;
 - No Chairman’s casting vote in Combined Authority meetings;
 - Certain matters require a unanimous vote. These are listed in 3(5) of the Schedule to the Order and the Constitution has included additional items such as unanimous vote required to change the Constitution.

- A requirement for Overview and Scrutiny with the Combined Authority appointing members of each of the Constituent Councils to the relevant committee(s). No such committee should include a member of the Combined Authority.
- An Overview and Scrutiny Committee will have the power to invite members to attend before it to answer questions, other persons including members of the public to attend meetings and the power to review or scrutinised decisions and make reports.

The Constitution

- 24 A Constitution compliant with the Order has prepared for the Combined Authority and approved for submission by the Leaders and Elected Mayor of the Constituent Authorities. The Constituent Authorities, under Delegated Authority will enter into an Operating Agreement which includes identifying the transport functions that will be delegated back to the County Councils and indemnities between the Constituent Councils and the Combined Authority.
- 25 The Constitution contains the usual components for Local Authority Constitution including Chief Officer Delegations, Rules of Procedure, Financial Procedure Rules, Members Code of Conduct, Officers Codes of Conduct and a Confidential Reporting Code. It specifically includes those transport functions transferred to the Combined Authority under the Order which have been delegated back to the County Councils.

The Structure of the Combined Authority

- 26 **North East Leadership Board (NELB)** will hold all the functions transferred to the Combined Authority. It will comprise a member from each of the Constituent Authorities and a representative of the NELEP. It will retain a strategic role and retain those matters which require unanimity under the Order and which the authorities have agreed will require a unanimous decision. In the draft scheme appended to the approved governance review document, it was stated that the member for each of the constituent authorities would be the leader or Mayor. The leader of this authority has been elected as shadow chair. Council is asked to formally appoint the Leader as the Council Representative of the NELB.
- 27 The draft scheme also stated the executive of each constituent authority would appoint another of its members as a substitute member to act as a member of the combined authority in the absence of the appointed member. Council is therefore asked to appoint a substitute member, being a member of the executive.
- 28 In relation to transport, there are three delivery agencies:
- Durham County Council will discharge Delegated Transport Functions within its own boundary;
 - Northumberland County Council will discharge Delegated Transport Functions within its own boundary;

- Nexus will discharge the functions which were previously discharged within the Tyne & Wear area.
- 29 The Combined Authority delegates the relevant functions directly to the Executives of Durham and Northumberland who will in turn authorise Officers within the Authority to carry out those functions in consultation with the relevant Cabinet Portfolio Holder.
- 30 A significant body within the Combined Authority is the **Transport North East Committee** (TNEC). This is a Joint Committee of the Combined Authority and Constituent Authorities. Its membership will comprise two members of the Executive of each Constituent Authority of which one is the Portfolio Holder for transport. The Chair will be the Transport Thematic Lead from the NELB. There will be three vice chairs, one for Tyne & Wear authority, a Northumberland member and a Durham member The Committee will oversee the performance of the three delivery agencies. Council is asked to appoint two Cabinet members(one of whom should be the one holding the portfolio the transport)
- 31 The TNEC will have a sub-committee, **The Tyne and Wear Transport Subcommittee** (TWSC) comprising solely Tyne and Wear Constituent Authority members. The Chair of this Committee will be the Vice Chair of the TNEC, representing the Tyne and Wear Authority areas. The appointment of Chair and Vice Chair of this sub-committee will be by the NELB. Its role will involve decision-making in relation to and oversight of Nexus.
- 32 The constitution of The Combined Authority also provides, as required by the order for **Overview and Scrutiny arrangements**. This involves a committee of two members from each constituent authority reflecting the political balance as applied each constituent authority. Council will be asked to appoint two members to be representatives on the overview and scrutiny committee of the combined authority.
- 33 Also included in the constitution is a provision for **An Audit and Standards Committee**. This will be made up of one member from each of the constituent authorities with that member being from either the respective Authorities' Standards or Audit Committees. The committee will also comprise to non-voting co-opted members and one independent person. Council will be asked to appoint one member to the Audit and Standards Committee who should be from either the Standards or Audit committee

Next Steps

- 34 As mentioned above the order has been laid before parliament. The next steps are as follows
- a. Parliamentary debate April 2014
 - b. Each Local Authority to appoint Leader/Elected/Mayor as the Council Representative of the NELB and a substitute
 - c. Each Local Authority to appoint members to the Combined Authority /Committees
 - d. Combined Authority Vesting Day April 2014

Recommendations

- 35 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in this report.
- 36 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.

Appendices

- i. Appendix 1: Implications
- ii. Appendix 2: The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014

Background Paper(s)

- Improving Economic Governance - Creation of a Combined Authority, Durham County Council Cabinet Report 24 June
<http://democracy.durham.gov.uk/ieListDocuments.aspx?CIId=154&MIId=7193&Ver=4>
- 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. Creating the right governance for growth in the North East – LA7 Leadership Board, available at
<http://www.gateshead.gov.uk/DocumentLibrary/council/LA7/LA7-proposition-FINAL2.pdf>
- The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority
- Summary of responses to consultation on proposal to establish the Combined Authority, available at
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/286409/140228_Final_summary_of_responses.pdf

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Appendix 1: Implications

Finance: The principles upon which the authority is funded are described within the body of the report.

Staffing: The Combined Authority as a local authority will require statutory officers (Head of Paid Service; an Officer responsible for Financial Administration and Monitoring Officer). Officers within the Council who worked on the transport functions transferred to the Combined Authority will work on those key functions for the foreseeable future within this authority, as the functions are delegated back to the County Council.

Risk: There are a number of risks in relation to the Combined Authority:-

- That County Council could assume responsibility for sharing the cost of the Tyne Wear Integrated Transport Authority functions and pension liabilities from that authority. This has been addressed by article 5(4). Indemnities are also included within the Operating Agreement.
- The late amendments to the Transport Act 1968, which redrew the boundary of the Integrated Transport Authority to extend to the Combined Authority area, present a risk that the two County Councils could become part of an Integrated Transport Authority before they were willing and ready to do so. The functions delegated to the County Councils are part of the Constitution which would require unanimous agreement before it can be altered.
- Risks that have been identified throughout the process are to be mitigated by various clauses in the Operating Agreement.

Equality and Diversity/Public Sector Equality Duty: None specific with this report

Accommodation: None specific in this report

Crime and Disorder: None specific in this report

Human Rights: None specific in this report

Consultation: The process of establishing a Combined Authority was subject to extensive consultation by the Constituent Authorities and by the Secretary of State.

Procurement: None specific in this report.

Disability Issues: None specific in this report.

Legal Implications: Within the body of the report

Appendix 2: The Durham, Gateshead, Newcastle upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014

Draft Order laid before Parliament under section 94 of the Local Transport Act 2008 and section 117 of the Local Democracy, Economic Development and Construction Act 2009, for approval by resolution of each House of Parliament.

DRAFT STATUTORY INSTRUMENTS

2014 No.

**LOCAL GOVERNMENT, ENGLAND
TRANSPORT, ENGLAND**

**The Durham, Gateshead, Newcastle Upon Tyne,
North Tyneside, Northumberland, South Tyneside
and Sunderland Combined Authority Order 2014**

Made - - - - *****

Coming into force in accordance with article 1

This Order is made in exercise of the powers conferred by sections 84, 91 and 93 of the Local Transport Act 2008(1) and sections 103 to 105 and 114 to 116 of the Local Democracy, Economic Development and Construction Act 2009(2).

The Secretary of State, having regard to a scheme prepared and published under section 82 of the Local Transport Act 2008 and section 109 of the Local Democracy, Economic Development and Construction Act 2009, considers that the making of this Order is likely to improve—

- (a) the exercise of statutory functions relating to transport in the area to which this Order relates,
- (b) the effectiveness and efficiency of transport in that area,
- (c) the exercise of statutory functions relating to economic development and regeneration in that area, and
- (d) economic conditions in that area.

The Secretary of State is satisfied that the area to which this Order relates meets the conditions set out in section 103 of the Local Democracy, Economic Development and Construction Act 2009.

The Secretary of State has consulted—

- (a) the district councils for the area comprised in the Tyne and Wear integrated transport area,
- (b) the councils for the local government areas which are within the area for which the combined authority is to be established,
- (c) the Tyne and Wear Integrated Transport Authority,

(1) 2008 c.26.
(2) 2009 c.20.

(d) such other persons as the Secretary of State considered appropriate.

The councils whose areas are comprised in the Tyne and Wear integrated transport area have consented to the making of this Order.

In making this Order, the Secretary of State has had regard to the need to reflect the identities and interests of local communities, and to secure effective and convenient local government.

A draft of this instrument has been approved by a resolution of each House of Parliament pursuant to section 94 of the Local Transport Act 2008 and section 117 of the Local Democracy, Economic Development and Construction Act 2009.

Accordingly, the Secretary of State makes the following Order:

PART 1

General

Citation and commencement

1. This Order may be cited as the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014 and shall come into force on the day after the day on which it is made.

Interpretation

2. In this Order—

“the 2009 Act” means the Local Democracy, Economic Development and Construction Act 2009;

“combined area” means the area consisting of the areas of the constituent councils;

“the Combined Authority” means the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority as constituted by article 3;

“the commencement date” means the date on which this Order comes into force;

“constituent councils” means the councils for the local government areas of Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland;

“the county councils” means Durham County Council and Northumberland County Council;

“financial year” means the period of 12 months ending with 31st March in any year;

“the ITA” means the Tyne and Wear Integrated Transport Authority; and

“the Local Enterprise Partnership” means the board of the North East Local Enterprise Partnership.

PART 2

Establishment of a combined authority for Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland

Establishment

3. (1) There is established a combined authority for the combined area.

(2) The combined authority is to be a body corporate and to be known as the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

(3) The functions of the Combined Authority are those functions conferred or imposed upon it by this Order or by any other enactment (whenever passed or made), or as may be delegated to it by or under this Order or any other enactment (whenever passed or made).

Constitution

4. Schedule 1 (which makes provision about the constitution of the Combined Authority) has effect.

Funding

5. (1) The constituent councils must meet the costs of the Combined Authority reasonably attributable to the exercise of its functions relating to economic development and regeneration.

(2) The amount payable by each of the constituent councils is to be determined by apportioning the costs of the Combined Authority referred to in paragraph (1) between the constituent councils in such proportions as they may agree or, in default of such agreement, in equal shares between the constituent councils.

(3) Subject to paragraphs (4) to (7), the costs of the Combined Authority reasonably attributable to the exercise of its functions relating to transport shall be met by means of three separate levies issued by the Authority to—

- (a) the district councils in the county of Tyne and Wear;
- (b) Durham County Council; and
- (c) Northumberland County Council,

under section 74 of the Local Government Finance Act 1988(3), and in accordance with regulations made thereunder.

(4) In determining the amount of the levies to be issued to the county councils for a financial year, no account may be taken of the cost of meeting any liabilities or expenses, including the pension liabilities referred to in article 11(6), incurred by the Combined Authority or to be incurred in consequence of article 6 (abolition of the ITA and transfer of functions, property, rights and liabilities).

(5) Without prejudice to the generality of article 11, a levy issued by the ITA under section 74 of the Local Government Finance Act 1988 to the district councils in the county of Tyne and Wear

(3) 1988 c. 41. Section 74 was amended by the Local Government Finance Act 1992 (c. 14), Schedule 13, paragraph 72(1); by S.I. 1994/2825; by the Greater London Authority Act 1999 (c. 29), section 105; by the Courts Act 2003 (c. 39), Schedule 8, paragraph 305(a); by the Fire and Rescue Services Act 2004 (c.21), Schedule 1, paragraph 68; by the Local Government and Public Involvement in Health Act 2007 (c. 28), Schedule 1, Part 1, paragraph 16(2) and Schedule 7, Part 4; and by the Local Democracy, Economic Development and Construction Act 2009 (c. 20), Schedule 6, paragraphs 74 and 75 and Schedule 7, Part 4.

in respect of the financial year beginning 1st April 2014 has effect for that year from and after the commencement date as if it had been so issued by the Combined Authority.

(6) No levy shall be issued to Durham County Council or Northumberland County Council for that financial year, but each of those councils must pay a contribution to the Combined Authority.

(7) Each contribution must bear the same proportion to the amount that the relevant Council has budgeted to spend on the functions transferred under article 8 in that financial year as the number of days in that financial year from and including the commencement date bears to the total number of days in that year.

PART 3

Transport

Abolition and transfer of functions etc.

6. (1) The Tyne and Wear integrated transport area is dissolved and the ITA is abolished.

(2) On the abolition of the ITA—

- (a) its functions; and
- (b) its property, rights and liabilities,

are transferred to the Combined Authority.

Adaptation of enactments — integrated transport authority

7. (1) This article has effect in consequence of article 6.

(2) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport area; or
- (b) any reference which falls to be read as a reference to such an area,

is to be treated as including a reference to the combined area.

(3) In any enactment (whenever passed or made)—

- (a) any reference to an integrated transport authority; or
- (b) any reference which falls to be read as a reference to such an authority,

is to be treated as including a reference to the Combined Authority.

Transfer of functions — county councils

8. There are transferred to the Combined Authority—

- (a) the functions of the county councils under Parts 4 and 5 of the Transport Act 1985(4); and
- (b) the functions of the county councils as local transport authorities under Part 2 of the Transport Act 2000(5).

Adaptation of enactments

9. (1) This article has effect in consequence of article 8.

(4) 1985 c. 67.

(5) 2000 c. 38.

(2) In relation to any function transferred under article 8, any reference in any enactment (whenever passed or made) to a county, or to any class of area which includes a county, is to be treated as including a reference to the combined area.

(3) In any enactment (whenever passed or made) any reference in relation to any function transferred under article 8 to a county council, or to any class of body which includes a county council, is to be treated as including a reference to the Combined Authority.

Passenger Transport Executive

10. (1) In this article “the Executive” means the Tyne and Wear Passenger Transport Executive.

(2) The Executive is to be an executive body of the Combined Authority for the purposes of Part 5 of the Local Transport Act 2008 and Part 6 of the 2009 Act.

(3) In the application of section 101 of the Local Government Act 1972⁽⁶⁾ (arrangements for the discharge of functions) to the Combined Authority, the Executive is to be treated as if it were an officer of the Combined Authority.

Continuity

11. (1) Nothing in articles 6 to 9 affects the validity of anything done, before the commencement date, by or in relation to—

- (a) the ITA with respect to the functions, property, rights and liabilities transferred under article 6; or
- (b) a county council with respect to the functions transferred under article 8.

(2) There may be continued by or in relation to the Combined Authority anything (including legal proceedings) which is in the process of being done by or in relation to the ITA or to a county council immediately before the commencement date and which relates to any of—

- (a) the functions, property, rights and liabilities transferred to the Combined Authority from the ITA; or
- (b) the functions transferred to the Combined Authority from a county council.

(3) Anything which is in effect immediately before the commencement date, and which was made or done by or in relation to—

- (a) the ITA for the purposes of or otherwise in connection with any of the functions, property, rights and liabilities transferred under article 6; or
- (b) a county council for the purposes of or otherwise in connection with any of the functions transferred under article 8,

has effect as if made or done by or in relation to the Combined Authority.

(4) The Combined Authority shall be substituted for the ITA or a county council in any instruments, contracts or legal proceedings which are made or commenced before the commencement date and which relate to any of—

- (a) the functions, property, rights and liabilities transferred under article 6; or
- (b) the functions transferred under article 8.

(5) A reference in this article to—

- (a) anything made or done by or in relation to the ITA or to a county council includes a reference to anything which by virtue of any enactment is to be treated as having been made or done by or in relation to the ITA or to a county council;

⁽⁶⁾ 1972 c. 70.

(b) a county council is a reference to either of the county councils.

(6) Without prejudice to the generality of this article, the Combined Authority, as Scheme employer for the purposes of the Local Government Pension Scheme Regulations 2013⁽⁷⁾ in place of the ITA, shall be—

- (a) responsible for meeting the liabilities of the Tyne and Wear Pension Fund in respect of benefits due to or in respect of the ITA's employees or former employees, or any liabilities of any predecessor authority;
- (b) substituted for the ITA as the relevant Scheme employer in respect of—
 - (i) any admission agreement to which the ITA (or any predecessor authority) was a party immediately before the coming into force of this Order;
 - (ii) the actuarial valuation of the assets and liabilities of the fund as at 31st March 2013 obtained by the administering authority under regulation 36(1)(a) of the Local Government Pension Scheme (Administration) Regulations 2008⁽⁸⁾; and
 - (iii) the rates and adjustments certificate obtained by the administering authority of the fund under regulation 36(1)(c) of those Regulations.

PART 4

Additional functions

Economic development and regeneration functions

12. (1) The functions of the constituent councils set out in Schedule 2 are exercisable by the Combined Authority in relation to its area.

(2) The functions are exercisable concurrently with the constituent councils.

(3) Any requirement in any enactment for a constituent council to exercise such a function may be fulfilled by the exercise of that function by the Combined Authority.

Incidental provisions

13. The following provisions shall have effect as if the Combined Authority were a local authority for the purposes of these provisions—

- (a) section 142(2) of the Local Government Act 1972 (the power to arrange for publication of information etc relating to the functions of the authority); and
- (b) section 222 of the Local Government Act 1972 (the power to prosecute and defend legal proceedings).

14. (1) The Combined Authority shall have the power to exercise any of the functions described in subsection (1)(a) and (b) of section 88 of the Local Government Act 1985⁽⁹⁾ (research and collection of information) whether or not a scheme is made under that section.

(2) For the purposes of paragraph (1) of this article, paragraphs (a) and (b) of section 88(1) of the Local Government Act 1985 shall have effect as if a reference to “that area” were a reference to the combined area.

⁽⁷⁾ S.I. 2013/2356.

⁽⁸⁾ S.I. 2008/239; there are no relevant amendments.

⁽⁹⁾ 1985 c.51.

15. Section 13 of the Local Government and Housing Act 1989⁽¹⁰⁾ (voting rights of members of certain committees) shall have effect as if—

(a) in subsection (4) after paragraph (h) there were inserted—

“(i) “(i) subject to subsection (4A), a committee appointed by the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority;”; and

(b) after subsection (4) there were inserted—

“(4A) A person who is a member of a committee falling within paragraph (i) of subsection (4) or a sub-committee appointed by such a committee shall for all purposes be treated as a non-voting member of that committee or sub-committee unless that person is a member of one of the constituent councils as defined by article 2 of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.”

16. The Apprenticeship, Skills, Children and Learning Act 2009⁽¹¹⁾ shall have effect as if the Combined Authority were a local authority for the purpose of section 84(2).

17. Regulation 64 of the Local Government Pension Scheme Regulations 2013 shall have effect as if after paragraph (8) there were inserted—

“(8A) Paragraph (8B) applies where the exiting employer is the Tyne and Wear Integrated Transport Authority (“the ITA”) and the liabilities of the fund in respect of benefits due to the ITA’s current and former employees (or those of any predecessor authority) have been or are to be transferred to the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority as a result of the establishment of the combined authority by article 3(1) of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.

(8B) Where this paragraph applies, no exit payment is due under paragraph (1) and paragraph (2) does not apply.”.

18. (1) The Local Government Pension Scheme Regulations 2013 are amended as follows.

(2) In Part 1 of Schedule 2 (Scheme employers), after paragraph 23 insert—

“**24.** The Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority established by the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.”.

(3) In Part 2 of Schedule 3 (appropriate administering authority)—

(a) in column 1 of the table insert at the end—

“An employee of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority established by the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority Order 2014.”;

(b) in column 2 of the table insert at the end—

“South Tyneside Council.”.

⁽¹⁰⁾ 1989 c.42.

⁽¹¹⁾ 2009 c.22.

Signed on behalf of the Secretary of State for Communities and Local Government

Date

Name
Parliamentary Under Secretary of State
Department for Communities and Local
Government

SCHEDULE 1

Article 4

Constitution

Membership

1. (1) Each constituent council shall appoint one of its elected members to be a member of the Combined Authority.

(2) Each constituent council shall appoint another of its elected members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (1) (“the substitute member”).

(3) The Local Enterprise Partnership shall nominate one of its members to be a member of the Combined Authority (“Local Enterprise Partnership Member”).

(4) The Local Enterprise Partnership shall nominate another of its members to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (3) (“the substitute member”).

(5) The Combined Authority shall appoint a member nominated by the Local Enterprise Partnership as a member of the Combined Authority (“Local Enterprise Partnership Member”).

(6) The Combined Authority shall appoint another member nominated by the Local Enterprise Partnership to act as a member of the Combined Authority in the absence of the member appointed under sub-paragraph (5) (“the substitute member”).

(7) For the purposes of this Schedule any reference to a member is to be treated as including a reference to the Local Enterprise Partnership Member.

(8) A person ceases to be a member or substitute member of the Combined Authority if they cease to be a member of—

- (a) the constituent council that appointed them; or
- (b) the Local Enterprise Partnership that nominated them.

(9) A person may resign as a member or substitute member of the Combined Authority by written notice served on the proper officer of the constituent council that appointed them or, as the case may be, the chairman or vice-chairman of the Local Enterprise Partnership, and the resignation shall take effect on receipt of the notice by the proper officer of the council or chairman or vice-chairman of the Local Enterprise Partnership (as the case may be).

(10) Where a member or substitute member’s appointment ceases by virtue of sub-paragraph (8) or (9)—

- (a) the constituent council that made the appointment shall, as soon as practicable, give written notice of that fact to the Combined Authority and appoint another of its elected members in that person’s place;
- (b) the Local Enterprise Partnership shall, as soon as practicable, give written notice of that fact to the Combined Authority and nominate another of its members in that person’s place.

(11) A constituent council may at any time terminate the appointment of a member or substitute member appointed by it to the Combined Authority and appoint another one of its elected members in that person’s place.

(12) Where a constituent council exercises its power under sub-paragraph (11), it shall give written notice of the new appointment and the termination of the previous appointment to the Combined Authority and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(13) The Local Enterprise Partnership may at any time terminate the appointment of a member or substitute member nominated by it to the Combined Authority and nominate another of its members in that person's place.

(14) Where the Local Enterprise Partnership exercises its power under sub-paragraph (13), it shall give written notice of the new nomination and the termination of the previous appointment to the Combined Authority.

(15) The Combined Authority shall appoint a member nominated under sub-paragraph (14) and the new appointment shall take effect and the previous appointment terminate at the end of one week from the date on which the notice is given or such longer period not exceeding one month as is specified in the notice.

(16) The Combined Authority shall appoint a member nominated under sub-paragraph (10)(b) or sub-paragraph (14) at the next meeting of the Combined Authority.

(17) For the purposes of this paragraph, an elected mayor of a constituent council is to be treated as a member of the constituent council.

Chairman and vice-chairman

2. (1) The Combined Authority must in each year appoint a chairman and a vice-chairman from among its members and the appointments are to be the first business transacted after the appointment of members of the Combined Authority, at the first meeting of the Combined Authority, and in subsequent years at the annual meeting of the Combined Authority.

(2) A person ceases to be chairman or vice-chairman of the Combined Authority if they cease to be a member of the Combined Authority.

(3) If a vacancy arises in the office of chairman or vice-chairman, an appointment to fill the vacancy is to be made at the next ordinary meeting of the Combined Authority, or, if that meeting is to be held within 14 days of the vacancy arising, at the meeting following that meeting.

Proceedings

3. (1) Subject to the following sub-paragraphs, any questions that are to be decided by the Combined Authority are to be decided by a majority of the members and substitute members, acting in place of members, present and voting on that question at a meeting of the Combined Authority.

(2) No business shall be transacted at a meeting of the Combined Authority unless at least two members or substitute members appointed by the constituent authorities are present at the meeting.

(3) Each member, or substitute member acting in that member's place, is to have one vote and no member or substitute member is to have a casting vote.

(4) If a vote is tied on any matter it shall be deemed not to have been carried.

(5) Members appointed from the Local Enterprise Partnership shall be non-voting members of the Combined Authority.

(6) Questions relating to the following matters require a unanimous vote in favour by all seven constituent council members, or substitute members acting in place of those members, to be carried

- (a) adoption of any strategic growth plan as provided for in the Combined Authority's standing orders;
- (b) adoption of any local transport plan under section 108(3) of the Transport Act 2000;
- (c) approval of the Combined Authority's annual budget;
- (d) setting of any transport levy under section 74 of the Local Government Finance Act 1988 and in accordance with regulations made thereunder;

- (e) allocation of local transport plan funding to the individual constituent authorities;
- (f) approval of growth schemes set out in any adopted strategic growth plan, including the local major schemes devolved funding;
- (g) approval of borrowing limits, treasury management strategy including reserves, investment strategy and capital budget of the Combined Authority; and
- (h) such other plans and strategies as may be determined by the Combined Authority and set out in its standing orders.

(7) The proceedings of the Combined Authority are not invalidated by any vacancy among its members or substitute members or by any defect in the appointment or qualifications of any member or substitute member.

Committees

4. (1) The Combined Authority shall appoint one or more committees as an overview and scrutiny committee, or as the case may be committees, of the Combined Authority.

(2) The Combined Authority shall appoint at least one member of each of the constituent councils to each overview and scrutiny committee appointed by the Combined Authority.

(3) An overview and scrutiny committee appointed by the Combined Authority may not include any member or substitute member of the Combined Authority.

(4) Each member of the overview and scrutiny committee appointed from the constituent councils is to have one vote and no member is to have a casting vote.

(5) If a vote is tied on any matter it shall be deemed not to have been carried.

(6) An overview and scrutiny committee appointed by the Combined Authority shall have the power to—

- (a) invite members or substitute members of the Combined Authority to attend before it to answer questions;
- (b) invite other persons, including members of the public, to attend meetings of the committee;
- (c) review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Combined Authority;
- (d) make reports or recommendations to the Combined Authority with respect to the discharge of any functions which are the responsibility of the Combined Authority.

(7) The power to review or scrutinise a decision made but not implemented under sub-paragraph (6)(c) includes the power to recommend that the decision be reconsidered by the Combined Authority.

(8) Where an overview and scrutiny committee appointed by the Combined Authority makes a report or recommendation under sub-paragraph (6)(d) the committee may—

- (a) publish the report or recommendations;
- (b) by notice in writing require the Combined Authority to—
 - (i) consider the report or recommendations;
 - (ii) respond to the overview and scrutiny committee indicating what (if any) action the Combined Authority proposes to take;
 - (iii) if the overview and scrutiny committee has published the report or recommendations under paragraph (a), publish the response.

(9) A notice served under sub-paragraph (8)(b) must require the Combined Authority to comply with it within two months beginning with the date on which the Combined Authority received the reports or recommendations or (if later) the notice.

(10) The Combined Authority shall comply with a notice given under sub-paragraph (8)(b).

(11) Sub-paragraphs (8)(a) and (10) are subject to section 9FG of the Local Government Act 2000⁽¹²⁾ and to any provision made under section 9GA(8) and the Combined Authority shall be treated as a local authority for these purposes.

Records

5. (1) The Combined Authority must make arrangements for the names of members and substitute members present at any meeting to be recorded.

(2) Minutes of the proceedings of a meeting of the Combined Authority, or any committee or sub-committee of the Combined Authority, are to be kept in such form as the Combined Authority may determine.

(3) Any such minutes are to be signed at the same or next suitable meeting of the Combined Authority, committee or sub-committee as the case may be, by the person presiding at that meeting.

(4) Any minute purporting to be signed as mentioned in sub-paragraph (3) shall be received in evidence without further proof.

(5) Until the contrary is proved, a meeting of the Combined Authority, committee or sub-committee, a minute of whose proceedings has been signed in accordance with this paragraph, is deemed to have been duly convened and held, and all the members and substitute members present at the meeting are deemed to have been duly qualified.

(6) For the purposes of sub-paragraph (3) the next suitable meeting is the next following meeting or, where standing orders made by the Combined Authority provide for another meeting of the authority, committee or sub-committee, to be regarded as suitable, either the next following meeting or that other meeting.

Standing orders

6. The Combined Authority may make standing orders for the regulation of its proceedings and business and may vary or revoke any such orders.

Remuneration

7. No remuneration is to be payable by the Combined Authority to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the Combined Authority.

SCHEDULE 2

Article 12(1)

Economic development and regeneration functions

1. Such functions of the constituent authorities as are exercisable for the purpose of economic development and regeneration in reliance on the general power of competence under section 1 of the Localism Act 2011⁽¹³⁾.

2. The power under section 144 of the Local Government Act 1972 (the power to encourage visitors and provide conference and other facilities).

⁽¹²⁾ 2000 c. 22. Sections 9FG and 9GA were inserted by the Localism Act 2011 (c. 20), section 21 and Schedule 2.

⁽¹³⁾ 2011 c.20.

3. The duties under sections 15ZA, 15ZB, 15ZC, 17A and 18A(1)(b), of the Education Act 1996⁽¹⁴⁾ and the power under sections 514A and 560A of that Act (duties and powers related to the provision of education and training for persons over compulsory school age).

4. The duty under section 69 of the 2009 Act (duty to prepare an assessment of economic conditions).

EXPLANATORY NOTE

(This note is not part of the Order)

This Order establishes the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

Part 6 of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”) provides for the establishment of combined authorities for the areas of two or more local authorities in England. Combined authorities are bodies corporate which may be given power to exercise functions relating to transport and to economic development and regeneration in their area.

The Secretary of State may only establish a combined authority for an area where a scheme for such an authority has been published under section 109 of the 2009 Act. This Order has been made following the publication of such a scheme on 31st July 2013 by the constituent councils whose areas together make up the combined area of the new authority. The scheme is available at: www.gateshead.gov.uk/la7-governance.

Part 2 of the Order establishes the new authority, to be known as the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority on the day after the day on which the Order is made, and makes provision for its constitution and funding.

Article 4 of and *Schedule 1* to the Order make provision for the constitution of the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority. This is supplemental to the provision that is made by Part 1A of Schedule 12 to the Local Government Act 1972 (see paragraph (6A) of that Schedule, as amended by the 2009 Act).

Article 5 makes provision for the funding, by the constituent councils, of those costs of the Combined Authority that relate to the exercise of its economic development and regeneration functions. The transport expenses are to be met from separate levies on the metropolitan district councils in the county of Tyne and Wear, on the Durham county council and on the Northumberland county council. In determining the levies on Durham and Northumberland no account is to be taken of costs and liabilities flowing from the transfer of the functions, rights and liabilities of the abolished integrated transport authority. Transitional provision is made for determining the contributions for the first financial year of the Combined Authority.

Part 3 concerns the transport functions of the combined authority. *Article 6* abolishes the Tyne and Wear integrated transport area and its integrated transport authority and transfers the authority’s functions, property, rights and liabilities to the combined authority. *Article 7* makes adaptations

(14) 1996 c.56. Sections 15ZA, 15ZB, 15ZC, 17A, 18A, 514A and 560A were inserted by the Apprenticeships, Skills, Children and Learning Act 2009 (c. 22), sections 41, 42, 45 to 48 and by S.I. 2010/1158. Sections 17A and 18A were also amended by the Education Act 2011 (c. 21), sections 30 and 82.

to enactments consequential upon *article 6*. *Article 8* transfers specified transport functions of the Durham and Northumberland county councils to the Combined Authority. *Article 9* makes adaptations to enactments consequential upon *article 8*. *Article 10* makes the Tyne and Wear Passenger Transport Executive an executive body of the Combined Authority and *article 11* contains general continuity provisions.

Part 4 confers additional functions on the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority. *Article 12* confers functions of the constituent councils relating to economic development and regeneration. These are set out in Schedule 2 to the Order and are to be exercised concurrently with the constituent councils. *Articles 13 to 18* make some general, incidental provisions relating to the Durham, Gateshead, Newcastle Upon Tyne, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority to enable it to carry out its functions more effectively.

A full regulatory impact assessment has not been prepared as this instrument will have no impact on the costs of business and the voluntary sector.

**Economy and Enterprise
Overview and Scrutiny Committee**



7 April 2014

Housing Stock Transfer Project

**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 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 (HCA). 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 9 December 2013 when Members received an update on the outcome of informal consultation with tenants on the future of their home; progress with the transfer process and proposed governance arrangements for the new group.

Current Position

- 6 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 for them 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 its proposed stock transfer from the Government, it must complete the transfer process by the end of March 2015.

- 7 The Council submitted an application to transfer its homes to a group structure of its existing housing management organisations to the HCA in December 2013. The application was based on the guidelines set out in the Housing Transfer Manual 2013.
- 8 The HCA and the DCLG evaluated the council's application and considered its proposal to transfer its homes at two DCLG sub committees in February 2014.
- 9 The Council received notification from the DCLG on the 24 March 2014 that its application to transfer its homes had been approved and financial support for its proposed stock transfer will be made available. The HCA will contact the council in due course to agree the next stage in the transfer process which will include formal consultation on the proposal with all tenants.
- 10 The formal consultation process will involve over 22,000 tenants and will end in a confidential, legally binding ballot. All tenants will be asked to vote on whether or not they support the transfer proposal. The transfer can only be completed if a majority of tenants who vote in the ballot, vote in support of the proposal.
- 11 The statutory guidance on tenant consultation and the ballot is set out in the Government's publication "Statutory Guidance: The Housing Act 1985 Schedule 3A – Paragraph 3: Requirements as to Consultation".
- 12 The Guidance sets out the requirements for a formal two stage consultation process; the language and tone that should be used in the Stage 1 of the consultation (the issuing of an Offer Document to tenants); the conduct of Stage 2 (the ballot of all secure and introductory tenants); the Council's post ballot tasks and the rights of interested parties to make representations about the transfer proposal to the Secretary of State.
- 13 The Offer Document represents Stage 1 in the formal consultation process. It sets out:
 - The Council's proposal to transfer its homes;
 - The reasons behind the proposal;
 - The implications of the transfer for tenants; and
 - The changes and improvements to homes, neighbourhoods and services tenants can expect if the transfer was to go ahead.
- 14 As part of the consultation process the council must ensure that all tenants are:
 - Fully informed of the transfer proposal;
 - Encouraged and able to vote on the proposal in a confidential ballot that is run by a separate organisation to the council;

- Able to access independent and impartial advice on the transfer proposal provided by an Independent Tenant Adviser.
 - Able to participate in consultation on the proposal and to express their views.
- 15 The Offer Document is a council document and must provide all affected tenants with sufficient information on the impact of the transfer on them if they are to express a fully informed opinion about the transfer proposal at the ballot in Stage 2 of the formal consultation process.
- 16 The council has worked with key stakeholder groups, including tenants, staff, Board members, Councillors and other key partners to develop the draft Offer Document and plans for formal consultation. 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.
- 17 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 the new group of landlords that will include Dale & Valley Homes, Durham City Homes and East Durham Homes.
- 18 If the council is to achieve the challenging timescale of completing the transfer by the end of March 2015 the proposed new group of landlords must be shaped now, to ensure the transfer of homes is made to a viable new group. The council has already started to support this by appointing an interim Managing Director and establishing a shadow parent Board of non executive directors.
- 19 The shadow parent Board are working with the council, the interim Managing Director, the Boards of Durham City Homes, East Durham Homes and Dale & Valley Homes and the Chief Executives of East Durham Homes and Dale & Valley Homes and the manager of Durham City Homes to:
- Agree a Chairperson for the shadow parent Board – Judith Common (independent).
 - Agree a Vice Chairperson for the shadow parent Board – Geoff Paul (independent).
 - Consider charitable status of the new group of landlords.
 - Agree a name for the new group of landlords – County Durham Housing Group.
 - Start to consider arrangements for the formal relationships between the shadow parent Board and the Boards of Durham City Homes, East Durham Homes and Dale & Valley Homes (which will be set out in a formal intra-group agreement)

- 20 Over the coming months the council will work with the shadow parent Board of the County Durham Housing Group, its subsidiary Boards and other stakeholders to agree the council's Offer Document and formal consultation process.
- 21 It is intended that the Economy and Enterprise Overview and Scrutiny Committee will continue to receive further updates in relation to progress in the stock transfer process and progress with formal consultation.

Conclusion

- 22 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 with all stakeholder groups will help the council to ensure that its decisions on the future of its homes, reflects the views and aspirations of its communities.

Recommendations

- 24 That the members of the Economy and Enterprise Overview and Scrutiny Committee note and comment upon the information provided during the presentation.
- 25 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 Transfer – 14 January, 24 September and 9 December 2013

Contact: Marie Roe, Housing Directions Manager
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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 key stakeholders in the transfer process. 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 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:

- 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.
- 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 plans to deliver an extensive formal 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



7 April 2014

Impact of Public Sector Funding and Policy Changes on the Economy of County Durham – Report of Members' Reference Group

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

- 1 The attached report presents the findings and recommendations of the Economy and Enterprise Overview and Scrutiny Committee Members' Reference Group looking at the impact of public sector funding and policy changes on the economy of County Durham.

Background

- 2 The Reference Group was established as a result of members' concern at changes in policy and funding that was being introduced by Government and how that would impact upon the economy of County Durham. This had been highlighted as an area for inclusion in the 2012/13 work programme of the Economy and Enterprise Overview and Scrutiny Committee however it was decided that the group would commence activity following the May 2013 election when the membership of the group would be refreshed.
- 3 Following the May election the group has had seven meetings with an update provided to the Economy and Enterprise Overview and Scrutiny Committee at the meeting on the 21 October 2013 with a further update highlighting the key findings and key areas for recommendations presented to the committee at the meeting on the 27 February 2014.
- 4 It was agreed that the Members' Reference Group would focus on:
 - Scale – How much is affected?
 - Theme – What was affected?
 - Geography – Where is affected?
 - Individual/Community/Business – Who is affected?
 - Interventions and support – Look at the work that is currently progressing within the Council and with partners to tackle economic issues, for example the work undertaken by Jobcentre Plus, colleges, Business Durham and the Area Action Partnerships (AAPs).

- Opportunities – Identify opportunities which may be available to assist mitigating any negative impact of reductions in funding and changes in Government funding and policy.
- 5 The key findings of the Members' Reference Group are identified in the attached report (Appendix 2) which resulted in the formulation of the following recommendations:
- That Durham County Council and partners continue to monitor the impact of changing policy and funding reductions on the economy of County Durham, identify concerns and opportunities and take these into account as part of the priority development processes.
 - That the Economy and Enterprise Overview and Scrutiny Committee receive as part of the six monthly systematic review of the recommendations contained in the Scrutiny Review report information of developments and key economic issues from the County Durham Economic Partnership Data Management Group.
 - That Durham County Council and partners consider the right balance in pursuing interventions that address need and deprivation within the County and opportunity, ensuring that any concerns influence priority actions.
 - That Durham County Council and partners undertake a coordinated approach to maximise opportunities and benefits for County Durham presented through the North East LEP, North East Strategic Economic Plan and the EU funding programme 2014-2020 (Durham €157 million as a Transition Region) for our residents, communities and businesses helping to give them the right tools and support to access employment and economic growth opportunities.
 - That the Economy and Enterprise Overview and Scrutiny Committee as part of the Committee's work programme for 2014/15 continue to receive update reports in relation to the progress of the EU funding programme 2014-2020.
 - That a review of this report and progress against recommendations will be undertaken six months after the report is considered by the Economy and Enterprise Overview and Scrutiny Committee at the meeting on the 7 April 2014.

Service response

- 6 The following comments have been received from the Regeneration and Economic Development Service Grouping:

The Regeneration and Economic Development (RED) Service Grouping have welcomed the opportunity to undertake this piece of work with the Reference Group to consider the implications of changes to government policy and funding on the economy of County Durham. The scope of the work and discussions with Members has highlighted the key issues, challenges and opportunities facing the county. It is imperative that collectively with partners we continue to support the growth of the county's economy to stimulate growth, strive to reduce the deprivation gap within communities and where possible continue to mitigate the impacts of policy and funding changes.

As highlighted within the report analysis financial pressures facing the wider public sector and councils like Durham has had impact upon the services provided. Funding and policy changes, along with the drive to reduce deficits has affected the way we do business whether that is through efficiencies, changing services or different commissioning channels. A recent research report published in March 2014 by the Association of North East Councils and the Institute for Local Governance ['Challenging Times: prospects for Local Government in the North East of England'](#) highlights that some areas have been much more affected by the Government funding and policy changes. The research echoes that referenced by IPPR with members, *'that councils in the less prosperous parts of the county, including the North East, have been hardest hit by the government's cuts.'* Confirming that these areas are often more reliant on government grants, are less able to generate additional revenue from Council Tax and Business Rates and are also less able to benefit from new grant regimes that are growth focused rather than needs based.

This changed nature in funding has affected the types of services we have supported over recent years and an issue that has been highlighted with Members. This ANEC and ILG Report details that disparities in council funding and resources is likely to continue and intensify. It continues to note issues not covered within this analysis with members, stating that while there is increasing demand for local public sector services within the north east, these are being cut and are set against increasing demographic pressures, new legislation and consequences of welfare reforms and austerity measures. As a council we are mindful of these challenges and need to remain aware of how these pressures sit alongside local authority job losses and welfare changes. With reduced household disposable incomes and spending power this could continue undermine the economic recovery within our local economy.

As a Service Grouping, RED will continue to assess the implications of policy and funding changes in our approach to service design and delivery. Working with partners through the County Durham Economic Partnership and specifically the newly established Data Management Group we will continue to consider and understand the changing economic environment is having upon the economy of County Durham and the challenges and opportunities this presents. Through this group it is planned to review our current measures of success that provide a barometer of the county's economy and help to measure the performance of council interventions.

It is important that we can respond positively to these changing and challenging times, adapting service delivery as possible and reconsidering our priorities when tackling budget reductions and targeting our support. The majority of RED's services and activities provide longer term measures and approaches to promoting economic development to improve the local economy including development of strategic sites, business support and employability support.

These changes and impacts take time. It is necessary that we continue to provide detailed statistics, research and analysis for strategy, plan and activity development through our Spatial Policy Team to ensure our interventions are fit for purpose and have the desired impacts. This service support will continue to provide context and knowledge for our Service Grouping, alongside the production of regular economic updates.

As a Service Grouping we will continue to consider the right balance of support and interventions that address need and support opportunities within the county. This involves working closely with partners to develop appropriate interventions and making the most of the available funding opportunities that are presented - whether this is through the next EU funding period 2014-20 or supporting partners with Regional Growth Fund applications.

As recognised within the report the regional approach to supporting regeneration and economic development has changed significantly over recent years. RED will continue to support and work closely with partners within the North East Local Enterprise Partnership and through the North East Leadership Board to maximise opportunities for County Durham. This in recent months has included extensive partnership working to inform the development of the NELEP EU Structural and Investment Fund Strategy and the North East Strategic Economic Plan (SEP). The SEP, once agreed, will outline the agenda for growth for the north east. Some of County Durham's key assets will be recognised such as:

- cultural and academic urban core within Durham City
- second largest industrial area within the north east local enterprise partnership area at Aycliffe Business Park
- key growth areas alongside the A1(M) and A19
- innovation hub at NETPark
- inward investments such and Hitachi Rail Europe at Merchant Park

Our partnership approach to enhancing this agenda for growth by supporting economic growth and job creation within the county is crucial to making a difference and supporting our ambition of *creating sustainable places where people want to live, work, invest and visit whilst enabling residents and businesses to achieve their potential*. Considering and understanding the changes to policy and funding, alongside the challenging economic times is intrinsic to this approach. The opportunities available to and within the county need to be capitalised to address market failure and support investment in the right places whether this is through the creation of business sites and premises or employability programmes to support people into employment. Balancing need and opportunity is complex.

Through the development of a County Durham Investment Plan with the CDEP has indicated the priorities for investment in line with EU funding priorities and those identified by the partnership. The next few years present challenging times for the partnership and the RED Service Grouping to maintain the balance of service delivery in areas of the county witnessing decline and opportunities to stimulate further economic growth and tackle the ongoing pressures associated with deprivation.

Next steps

- 7 It was originally decided that the report of the Members' Reference Group following approval by the Economy and Enterprise Overview and Scrutiny Committee would then be shared with the relevant Cabinet Portfolio Holders. However, following the completion of the report having looked at the nature of the key findings and resulting recommendations it is suggested that the report be submitted to Cabinet for consideration.

Recommendations

- 8 That the Economy and Enterprise Overview and Scrutiny Committee agree the report of the members' reference group focusing on the impact of public sector funding and policy changes on the economy of County Durham.
- 9 That the report of the Members' Reference Group be submitted to Cabinet for consideration.

Background papers:

Member's Reference Group Report.

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Appendix 1: Implications

Finance – The report identifies the importance of Durham County Council utilising all opportunities in relation to new initiatives for funding for example the European Funding Programme 2014-2020 to ensure that the County maximises the funding opportunities currently available for the benefit of County Durham.

Staffing – None.

Risk – The RED Service Grouping will identify within the appropriate Service Plan key risks as a result of changes in Government funding and policy on the economy of County Durham.

Equality and Diversity / Public Sector Equality Duty - In accordance with its agreed Equality and Diversity strategy, the Council will undertake an Equality Impact assessment of the implications of any changes in Government funding or policy (including cuts in funding) which will impact upon the economy of County Durham.

Accommodation – None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – The report makes reference to the work already undertaken by DCC in relation to helping businesses in the County access contract opportunities. It also refers to the establishment of the Social Value Task Group currently looking at how the requirements of the Social Value Act can be implemented to help small businesses and social enterprises win more contract opportunities.

Disability Issues – The report identifies groups which have been most affected by the changes in Government funding and policy, on a national level those with disabilities had been identified and in relation to County Durham those reliant on benefit which would include those with disabilities. The RED Service Grouping will continue to monitor data in relation to those groups most affected.

Legal Implications - None

Economy and Enterprise Overview and Scrutiny Committee

7 April 2014



Impact of Public Sector funding and policy changes on the economy of County Durham

Report of Economy and Enterprise Overview and Scrutiny Committee Members' Reference Group

Purpose of the Report

- 1 To present the findings and recommendations of the Members' Reference Group that reviewed the impact of public sector funding and policy changes on the economy of County Durham.

Background

- 2 At its meeting held on the 6th July, 2012 the Economy and Enterprise Overview and Scrutiny committee identified as part of the refresh of the work programme the need for the Committee to examine the impact of changes in Government funding policy on the economy of County Durham. Following a detailed discussion it was agreed by members of the Committee that this would be added to the 2012-2014 work programme.
- 3 The Regeneration and Economic Development (RED) service grouping agreed to jointly producing a piece of work to examine the changing policy and funding environment in which the service area works. It was therefore determined that a Members' Reference Group would be established from the membership of the Economy and Enterprise Overview and Scrutiny Committee to work with officers from the Strategy, Programmes and Performance Team from within the RED Service Grouping to examine Central Government funding and policy changes on the economy of County Durham.
- 4 The terms of reference and a project plan were drawn up, with a clear focus on:
 - a) Scale – How much is affected? – consider changes in Government funding and policy, compare to remaining resources and current intervention priorities and identify the scale of gaps in resources;
 - b) Theme – What is affected? – Identification of priority themes or policy areas for example employment, worklessness, business support and skills. Each of the priority themes or policy areas will be considered separately in order to assess reductions in funding, changes in Government funding and policy, differences within the County and how individuals are affected;

- c) Geography – Where is affected? - Assess the impact of funding reductions and changes in Government funding and policy, analyse and map local statistics to highlight need.
- d) Individual/Community/Business – Who is affected? - Looking at examples of how funding and policy changes have impacted upon families, communities, businesses.
- e) Interventions and support – Look at the work that is currently progressing within the Council and with partners to tackle economic issues, for example the work undertaken by Jobcentre Plus, colleges, Area Action Partnerships (AAPs) and Business Durham.
- f) Opportunities – Identify opportunities which may be available to assist in mitigating any negative impact of reductions in funding and changes in Government funding and policy.

5 A Members Reference Group was set up consisting of 8 members and one co-optee (a representative from Jobcentre Plus). The membership of the Reference Group represented a geographical spread from across the County and included minority party representatives. The Group comprised of the following membership:

- Councillor J Armstrong – Chairman of the Overview and Scrutiny Management Board – Central Durham.
- Councillor P Stradling – Vice-chair of the Overview and Scrutiny Management Board – East Durham.
- Councillor R Crute – Chair of the Economy and Enterprise Overview and Scrutiny Committee – East Durham.
- Councillor A Batey – Vice-Chair of the Economy and Enterprise Overview and Scrutiny Committee – North Durham.
- Councillor J. Clare – Member of the Economy and Enterprise Overview and Scrutiny Committee – South Durham.
- Councillor J. Rowlandson – Member of the Economy and Enterprise Overview and Scrutiny Committee – West Durham (Conservative representative).
- Councillor O. Temple – Member of the Economy and Enterprise Overview and Scrutiny Committee – North Durham (Liberal Democrat representative).
- Councillor A Willis – Member of the Economy and Enterprise Overview and Scrutiny Committee – North Durham (Durham Independent Group representative).
- Mr. P. Robson – Jobseeker Opportunities Manager (Durham North) – Jobcentre Plus.

6 The Members Reference Group met on seven occasions between June 2013 and January 2014, which included a visit to Bishop Auckland College to see 'first hand' the work undertaken by partners to support local businesses and increase employment opportunities locally.

Executive Summary

- 7 This report presents the key issues, findings and recommendations of the Members' Reference Group that has reviewed the impact of public sector funding and policy changes on the economy of County Durham. It is evident that within these challenging economic times, with depressed private investment and markets, austerity measures and a stretched public sector, local authorities like Durham County Council have witnessed greater impacts from the significant changes in policy and funding. Whether these changes are through Council Tax, Business Rates or through removal Area Based Grants that were originally established to stimulate economic growth and tackle deprivation within some of our most deprived neighbourhoods.
- 8 Alongside this, governance arrangements across the north east region have changed with the introduction of Local Enterprise Partnerships. Although not established to replace the former Regional Development Agencies like One North East, LEPs simply do not have access to the same scale of funding to drive forward regional economic growth. One North East by example had an annual budget of £250 million. These changes in policy and funding have been compounded by the global economic recession which has undoubtedly had implications for communities and businesses within the county, with reduced access to finance, lower numbers in employment, young people struggling to find work in a more competitive jobs market and reduced household incomes.
- 9 Through Reference Group discussions it is apparent that we are tackling these challenges and trying to mitigate the impacts with the council and partners taking varying approaches to continuing to deliver activities to stimulate and support economic growth within the local economy. Whilst proportionate to the funding available these approaches are looking at both the supply and demand elements of the labour market. Some of the main issues raised within the report include:
- Reduced public sector finances. £11.5 billion of departmental savings have been announced for 2015/2016, with the local government budget being cut by as much as 25.6% or £6.68 billion by 2015. Changes in the approach to Government funding and policy has impacted upon the public sector and due to the nature of the funding more deprived areas have been proportionally hit hardest resulting in larger reductions in the North than in the South. This has been accompanied by a reduction in additional funding streams and removal of Area Based Grant that focused on local needs with a growing emphasis on opportunity and the demand side of the market.
 - Nationally between 2008 and 2013 the UK witnessed an unmatched depression with the economy only 0.5% larger at the end of 2012 than it had been in the third quarter of 2010. GDP per capita fell in total by 1% over this period, witnessing a slower economic recovery in the north east. County Durham has increased numbers of people not in employment, although nationally there has been a slight growth in private sector jobs that has outstripped the loss of public sector jobs, these jobs are not 'like

for like' in terms of economic value which explains why equivalent growth in GDP has not been evident.

- It is difficult to ascertain the full and lasting impacts of funding and policy changes as it is too early to know the full extent and in addition, there is often a lag in the statistical information that can be gathered (and limitations in statistical reliability at certain geographical levels). However, as an area already more reliant on Government funding, inevitably as this has changed it is not surprising that the North East and areas like County Durham have felt the impact. Therefore our most vulnerable areas and people are more likely to witness a greater impact as a result of changes. In terms of geography our more deprived communities within the East and South of the County have witnessed a greater degree of impact along with young people, those reliant on benefits and those on low incomes within county.
- There are some existing funding opportunities available to help support economic growth, these include Regional Growth Fund, Growing Places and Single Local Growth Fund. The next EU Funding Programme for 2014 – 2020 which has resulted in an allocation of funding to the North East Local Enterprise Partnership (NELEP) of €539.6m with Durham receiving an allocation of €157m as a Transition Region, will undoubtedly help to support job growth, but the European Social Fund element of the programme will help support need with key EU objectives targeted towards social inclusion, employability and skills.
- In relation to economic growth within County Durham there has been considerable success in attracting new companies despite the economic climate with companies such as Hitachi Rail Europe, Mazars and Rebels of Sweden establishing operations within County Durham.

10 The Members' Reference Group considered different priority policy areas at a high level such as employability, business support and skills development to help understand the nature of the impacts and implications of the changes within funding and policy. Several partners including, Jobcentre Plus, Business Durham, Federation of Small Businesses and Bishop Auckland College provided a perspective on the challenges they face and their respective priorities for future years. Some of the main findings and conclusions were:

- The policy environment has changed significantly in relation to employment support to mandatory schemes with sanctions, predominantly national schemes and employer focused with little flexibility and limited funding to address specific need local needs. Jobcentre Plus provide a range of schemes under the 'Get Britain Working' measures focused on getting people back into employment together with schemes/initiatives designed to help those interested in self-employment. Members highlighted the need to more effectively match employers skills needs and the need to ensure that those jobseekers sent to employers for work experience/work placement are job ready and 'best fit' the needs of the employer whilst also ensuring there is adequate support for those businesses providing placements.

- The Area Action Partnerships (AAPs) have a number of successful projects within County Durham Focusing on helping people back into employment, either through mentoring and developing skills to make people more job ready or through involvement in initiatives such as the County Durham Apprenticeship Programme.
- The business support network is complex, difficult to navigate particularly for small, micro businesses and sole traders, leads to duplication of provision and lacks flexibility in how support is delivered. The majority of business support is currently focused on larger companies despite the majority of business in the North East consisting of small, micro businesses and sole traders (North East has a total of 135,000 businesses, 134,000 small and micro businesses and sole traders, with Durham having 14,785 businesses employing 158,975). There is a need to develop the business support available locally to ensure it is flexible in delivery in terms of timings and availability and provides the range of support required.
- Business Durham offers a range of business support to large and small businesses within County Durham and actively encourages the growth of an entrepreneurial culture through various initiatives undertaken with schools, colleges and Durham University. Although working with businesses to stimulate new markets and develop procurement possibilities additional opportunities may be presented through the Social Value Act, 2012.
- Bishop Auckland College provided a case study example of how a partner is pro-active in how it engages with local employers to identify their training needs and develop training provision to suit their needs with a view to ensuring that young people in local communities within County Durham are best placed for future job opportunities. It is important that we encourage demand led skills programmes to maintain linkages between supply and demand within the labour market.

11 The Reference Group has concluded that the Council must continue to consider the implications of policy and funding changes upon our local economy and make the most of opportunities available to assist in mitigating the negative impacts and those opportunities that stimulate economic growth. The council, with its partners has an important part in supporting economic growth and addressing the needs of its residents, communities and businesses. A continued considered, reflective and partnership approach to service delivery needs to be supported to deliver prioritised interventions and support the rebalancing of the economy. The Reference Group has identified six specific recommendations that will be overseen by the Economy and Enterprise Overview and Scrutiny Committee. These indicate that the council and specifically the Regeneration and Economic Development Service Grouping will continue to be mindful of the implications of funding and policy changes whilst supporting services as appropriate within these challenging economic times. More widely this will include informing the North East Local Enterprise Partnership approaches to stimulate job creation and economic growth through its emerging Strategic Economic Plan and the 2014-20 European Structural and Investment Strategy.

Evidence: Statistics Overview

- 12 In considering the economic context the Reference Group was provided with a variety of contextual and summary statistics information. Some of the key issues and facts are summarised below:
- County Durham is home to 513,200 people and has an increasingly ageing population;
 - The County has a £6.5 billion economy, with a GVA index (60.7) almost 40 index points below the UK average;
 - The County is a large and diverse area (862 square miles) with almost half of the population living in relatively deprived areas for example both Sedgefield (51.9%) and East Durham (72.4%) have more than half of their population living in deprived communities;
 - Unemployment remains higher in County Durham than in the North East and in Great Britain with 65.7% of the working age population in work compared to a North East rate of 67.8%;
 - As of May 2013 JSA Claimant Count (16 – 64) was 15,179 (4.6%) in County Durham compared to 90,679 (5.5%) in North East and 1,474,400 (3.7%) Great Britain. Although the numbers of 18 – 24 year olds claiming JSA had started to fall recently, the level was around 60% higher than five years ago. The numbers of claimants in the 25 – 49 and 50 age groups has increased by 140% and 150% respectively. A persistent problem in all age groups, particularly those under 50 years old, is the growing number of people claiming benefits for over 12 months;
 - County Durham has an estimated 14,785 VAT/PAYE registered businesses, employing 158,975 people within the county.
 - Since 2007 there has been a trend of declining employment in the County from the pre-recession peak of 72.1%, at September 2013 the rate stood at 65.7%. Nationally, from the end of 2010, private sector employment had risen while public sector employment had fallen in each successive quarter when compared to the same period a year earlier. In total 1.25 million private sector jobs had been added by May 2010.
 - By the end of 2012, 5.72 million people were employed in the Public sector, 640,000 lower than the peak rates of public sector employment in 2009. It is expected that job losses will continue to accelerate up to and beyond 2015 with a further 340,000 posts estimated to be shed from the public sector before the next election.
 - Although the growth in private sector jobs has outstripped the loss of public sector jobs, these jobs are not 'like for like' in terms of economic value which explains why equivalent growth in GDP has not been witnessed. This has been further exacerbated by structural shift in the labour market towards a shorter working hours culture, much of the growth in jobs can be attributed to a rise in part-time, temporary and self-

employed work which is traditionally low paid. Furthermore, the losses and gains have been uneven across the UK, with the South East recording strong growth and the North East significantly lagging.

- Between 2008 and 2013 the UK witnessed an unmatched depression with the economy only 0.5% larger at the end of 2012 than it had been in the third quarter of 2010, GDP per capita fell in total by 1% over this period. Estimates show that the UK economy is unlikely to reach its pre-recession peak until 2018. Furthermore, despite the labour market proving to be fairly resilient throughout this period, it was estimated that the UK needed to add an additional 930,000 jobs onto the 2008 peak employment rate, due to a growth in the adult population of 1.7million.

13 In relation to changes in wider public sector finance, funding for regeneration and economic development activity and governance arrangements the Reference Group was asked to note the following as implemented by Central Government:

- Public sector finance reductions – Impact of the Comprehensive Spending Review and continued savings required within the Medium Term Financial Plan;
- Introduction of Business Rate Retention scheme April 2013;
- Welfare Reform Act 2012 – Introduction of Benefits Cap, Universal Credit and Personal Independence Payment replacing Disability Living Allowance. Further reforms to Employment and Support Allowance and Housing Benefit;
- Loss of various funds for economic development and regeneration activity including the area based grants: Working Neighbourhood Fund (WNF), Future Jobs Fund (FJF), Local Enterprise Growth Initiative (LEGI) and Single Programme funding;
- Introduction of Growing Places, Regional Growth Fund and Single Local Growth Fund to support private sector investment to create economic growth and sustainable employment;
- Continuation of Business Rate Relief and introduction of Tax increment financing;
- Abolition of the Regional Development Agencies and creation of Local Enterprise Partnerships

Scale of funding and policy changes

Key Findings

14 **The information provided detailed the extent of Government funding changes and highlighted the implications of a change in approach at Central Government level which has acted to reduce the focus on local needs and placed an emphasis on opportunity and growth.**

- 15 **The impact of the funding changes together with the change in approach in Government policy has had a significant impact on local government and a more pronounced effect in the North than in the South (Institute of Public Policy Research North an analysis of the 2013 June CSR).**
- 16 **The loss of Area Based Grants such as WNF and LEGI which were used to support employability and business growth in areas of need has had a pronounced negative impact on disadvantaged areas within County Durham widened the gap with the south and reduced the flexibility of funding to tackle localised priorities.**
- 17 **Funding opportunities do exist, in the next round of the EU funding programme 2014-2020 the North East Local Enterprise Partnership has an allocation of €539.6m while Durham as a Transition Region has an allocation of €157m which must be spent in the area.**

Discussion

- 18 The reference group was informed that the 2013 Comprehensive Spending Review (CSR) saw the majority of Government departments receive average cuts of between 8% and 10% with £11.5 billion of departmental savings announced for 2015/2016. In total, however, the local government budget will be cut by as much as 25.6% or £6.68 billion by 2015. The savings required to meet this reduction in the local government spending packet are notably front loaded, additionally, the reduction has not fallen evenly across the sector. Due to the nature of local government funding, the most deprived areas have been proportionally hit hardest, resulting in larger reductions in the North than in the South.
- 19 For Durham County Council this has resulted in a need to deliver savings of £113m which are to be achieved by the end of 2013/14 and a forecast additional saving of circa £100m for 2014/15 – 2016/17. The forecast loss of posts is 1,950 (1,600 ER/VR/CR – 350 vacant posts) with 200 compulsory redundancies (CR) to date. It is expected that funding cuts will continue until at least 2017/18 and possibly beyond into 2020.
- 20 The Institute of Public Policy Research (IPPR) North conducted an in-depth analysis of the 2013 June CSR as part of a wider piece of work on government spending, which showed that, as a share of expected economic growth, the latest cuts would fall particularly heavily on the regions of the North of England. The analysis showed the following:
 - Assuming that broad spending patterns in 2015/16 were similar to those of 2013, on aggregate, departmental cuts would reduce public expenditure in the North East by £57 per person and in the North West and Yorkshire and Humber by £50 per person, compared with £43 per person in London and £39 per person in the South East.
 - When the impact of departmental cuts was viewed as a proportion of the size of the regional economy (as measured by gross value added - GVA) the Northern Regions were, once again, the hardest hit with the North East suffering three times as much as London.

- When considered alongside announcements concerning capital spending the picture was compounded further with spending in London more than ten times that of the North East. Spending on transport infrastructure was more than 500 times as much in London as in the North East.
- 21 The uneven nature of public sector cuts has resulted in changes to and in some cases the abolition of funding streams which many Local Authorities used to help finance regeneration and economic development activities. The loss of these specific grants falls on top of the savings already required of local government and because of the nature of these grants the most deprived Local Authority areas have bared the brunt of these losses and subsequently those communities.
- 22 In County Durham the loss of specific grants traditionally used to fund regeneration and economic development activity included the loss of the Area Based Grant (ABG). Area Based Grants for the period 2008-2009 totalled £44,989,831 and included the following funding streams: Working Neighbourhoods Fund, Local Enterprise Growth Initiative, Local Authority Business Growth Initiative, Safer Communities and the Supporting People funding streams. More specifically:
- Working Neighbourhoods Fund (WNF) set out to “simplify and refocus local level funding to tackle worklessness and low levels of skills and enterprise within some of the most disadvantaged communities”.
 - Local Enterprise Growth Initiative (LEGI) ‘Be Enterprising’ was a flexible locally-defined programme which supported a range of activities designed to support existing local businesses to grow, support business start-ups, support residents to acquire skills and create jobs. The programme resulted in 2,616 clients starting a business and an estimated 2,762 new jobs (excluding self-employed owners) between 2006 and 2009.
- 23 The loss of ABG had the following impact on County Durham’s communities:
- A loss of flexibility to spend based on localised priorities and the ability to make localised interventions.
 - A loss of services funded in part or wholly by ABG, including Connexions and Be Enterprising which provided targeted careers advice for young people.
 - Deprived areas hit particularly hard by the loss of WNF which provided additional funding targeted at areas based on need.
 - Direct cuts to ABG indirectly affected the Community and Voluntary Sector and other partnership organisations as funding awards needed to be scaled back.
 - Current Central Government funding streams fail to replicate the deprivation element of ABG funding therefore communities within County Durham were without similar resource to help to tackle issues associated with employability and financial inclusion.

- 24 The Reference Group was informed that the Local Growth White Paper 2010 and the Heseltine Review of economic growth 2012 '*No Stone Unturned*' has led to a significant shift in regional governance arrangements, establishing Local Enterprise Partnerships to replace the Regional Development Agencies (that had annual budget of £250 million) with a brief of supporting local growth, encouraging business investment and promoting economic development. Government accepted 81 of the 89 Heseltine Review recommendations including; Local Enterprise Partnerships (LEPs) tasked with developing strategic plans for local growth by spring 2014 to provide a basis for negotiating Local Growth Deals and finance with the Government; un-ringfenced Single Local Growth Funds would be introduced in 2015; and support to be provided for local authorities wishing to create 'Combined Authorities' for economic growth purposes.
- 25 From April/May 2014 local transport authority powers are to pass to a newly established Combined Authority (CA) 'North East Leadership Board' which would become the local transport authority for the North East LEP area. The CA will be responsible for developing a single Local Transport Plan and coordinating strategic transport decisions, but will delegate back to DCC the powers to continue managing local public transport services.
- 26 The Reference Group was provided with further details of the Government's current funding arrangements. Overall there has been an observable shift in funding and policies geared towards promoting growth with a reduced focus on supporting need.
- Regional Growth Fund (RGF) - The Regional Growth Fund is a £3.2 billion fund, helping companies throughout England to create jobs between now and the mid-2020s. RGF supports projects and programmes that leverage private sector investment to deliver economic growth and sustainable employment. There will be six rounds of funding bids. The first three rounds of RGF are now delivering, with around £2bn of the fund awarded to nearly 300 projects. In total County Durham has received funding for 19 projects in the first three RGF rounds of funding. Let's Grow is one project that has been awarded £30 million to provide between £50,000-£1,000,000 grant support for capital investment and R&D projects to create/safeguard jobs in the North East. It runs as a series of quarterly competitions focused on businesses who manufacture or provide service to manufacturing.
 - Growing Places Fund - Administered at a regional level through LEP's, the fund provided £500m nationally to generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing.
 - EU Funding - The current EU funding period closed at the end of 2013 with the next period beginning in 2014. For the 2007-2013 period, these funds were worth approximately £13 billion to the UK, and specifically £8 billion for England. In relation to the EU funding programme 2014-2020 the Durham and Tees Valley region would receive proportionally more funding than in the previous funding programme due to transition region status

(having a relatively low GDP). The North Eastern LEP was awarded €539.6 million, the equivalent of €239 per capita, with Durham receiving an allocation of €157 million.

- Single Local Growth Fund – Proposed by Lord Heseltine from 2015/16 there will be at least £2bn a year nationally focused on the key economic levers of skills, housing and transport funding, with LEPs invited to submit bids for the funds.
- Local Major Transport Funding - Bids had been submitted for three schemes to the North East Local Transport Body (NELTB) for the devolved Local Major Transport Funding.

Impact of the funding and policy changes in County Durham

Key Findings

- 27 **The evidence shows that County Durham faces a number of structural challenges post economic downturn including; a lower employment rate; fewer job vacancies; a trend of moving from full-time permanent employment to part-time and temporary positions; an increase in the number of households on lower incomes with a decrease in households in higher incomes and an increase in worklessness.**
- 28 **In relation to economic growth within County Durham there has been considerable success in attracting new companies despite the economic climate for example Hitachi Rail Europe, Mazars, Rebels of Sweden.**
- 29 **Both within County Durham and nationally those reliant on benefits, those on low incomes and young people have been more affected by the changes in Government funding and policy.**
- 30 **There are particular geographical areas within the County which have been more noticeably affected by the changes to Government funding and policy. Of most concern are East Durham and South Durham, while North and Central Durham have also seen some negative impact.**

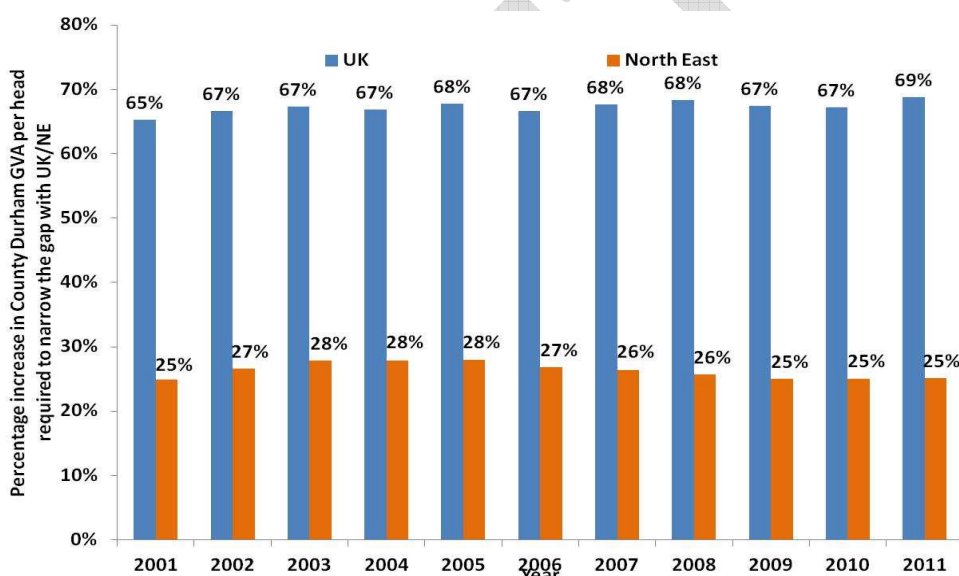
Discussion

- 31 In County Durham following 30 years of population decline, there has been a recent trend towards population growth, however, in reality the number of working age people is decreasing while the number of non-working age (65 plus) is increasing at a much faster rate. The County's employment rate is currently below both the regional and national averages. Whilst educational attainment has improved the gap however has not been narrowed sufficiently. Furthermore, while there has been a national drive to boost the 'knowledge economy' which provides particularly high value employment, within County Durham the knowledge economy provides a much lower proportion of the labour market (37% – 60,900) than in the North East (42%) or than in the UK as a whole (44%). When the public sector is excluded from this measure the

gap widens further with only 18,300 jobs or 11% of employment in the knowledge based private sector which is roughly half the national average.

- 32 The Gross Value Added (GVA) of the County Durham economy is less than half that of the UK average and the gap between the local economy and the national economy has continued to widen over the last ten years. In 2001 local GVA per capita would have needed to increase by 65% to eliminate the gap with the UK (and 25% to close the gap between the North East) but by 2011 this had increased to 69% (and remained 25% to close the gap with the North East). The graph below details the GVA per head required in County Durham to narrow the gap within the UK and the North East between 2001 and 2011.

**Narrowing the Productivity Gap between County Durham, North East and UK
(Percentage increase GVA per head required)**



- 33 There is a 10% wage gap between County Durham and the England average. The number of households within County Durham on lower incomes (£0 - £25,000) is increasing whilst the number of households with higher incomes (£50,000 - £100,000 plus) had decreased as shown in the table below. In 2013, over 45% of households in the county had an income less than £25,000. The median income in this area is £24,052 (Durham 2013), which is 14.1% below the base (Great Britain 2013 median £28,024) average. The highest average incomes within the County can be found to the North and North East while the lowest are towards the East.

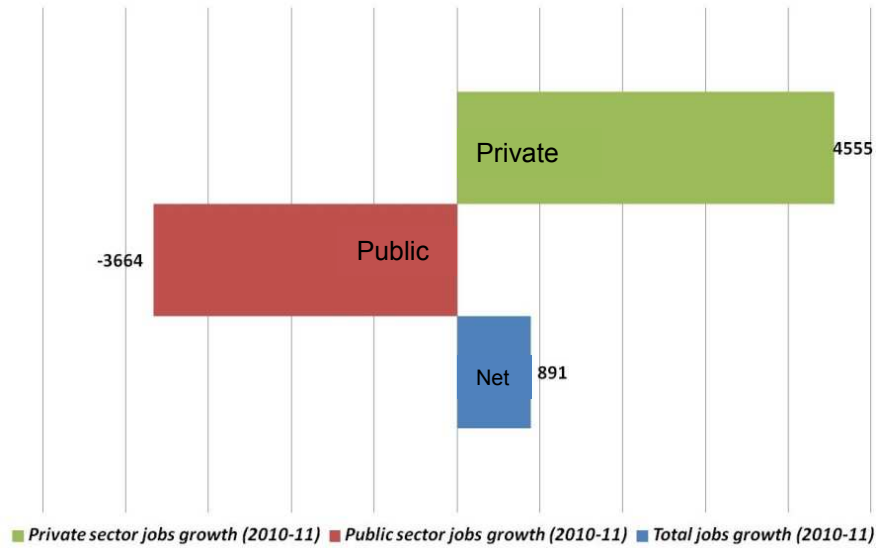
Household Income Data, 2012 and 2013

Household Income (£000)	2012 – No. of Households	2012 % of Households	2013 – No. of Households	2013 % of Households
0-20,000	96,519	43.1%	96,882	42.5%
20-25,000	18,864	8.4%	20,976	9.2%
25-50,000	64,977	29.0%	69,097	30.3%
50-100,000	37,308	16.6%	34,805	15.2%
100,000+	5,932	2.6%	6,000	2.6%

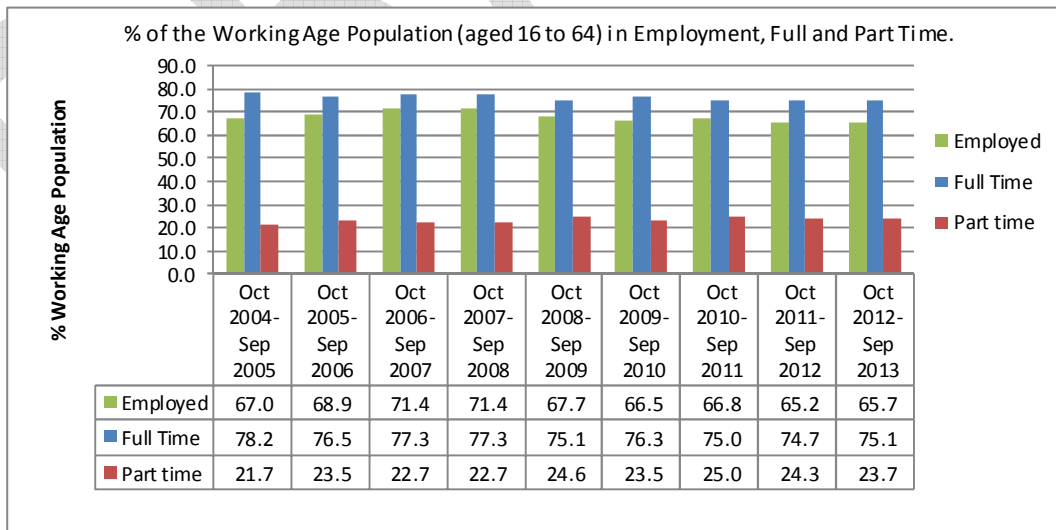
Source: CACI Household Income Data, 2012 and 2013

- Average wage levels within County Durham vary enormously with the highest in Durham City (£510 per week) and the lowest in Easington (£310 per week).
- The employment level within County Durham has not reached pre-recession levels of employment with relatively few vacancies available within the county (2 people of working age for every 1 job in the County compared to 1.4 people nationally and 1.6 people regionally). Although the latest trends (2011) show the number of jobs overall in the County increased marginally this growth is not comparable to the national average increase or the largest increases witnessed in the South West of the UK.
- County Durham traditionally possesses a labour market dominated by the public sector; however, there has been some element of restructuring with an increase in private sector jobs totalling 3.7% and a decrease in public sector jobs of 8.4%. Overall job growth within the County is flat, the sectors with the most significant private sector growth have been in private sector health care and information and communications. While the Government's austerity measures continue further public sector savings will need to be found, it is therefore anticipated that the public sector labour market will continue to decrease well beyond 2014/15. The graph below shows the shift in labour markets 2010-2011.

Proportion of Private/Public sector Jobs Growth 2010-11



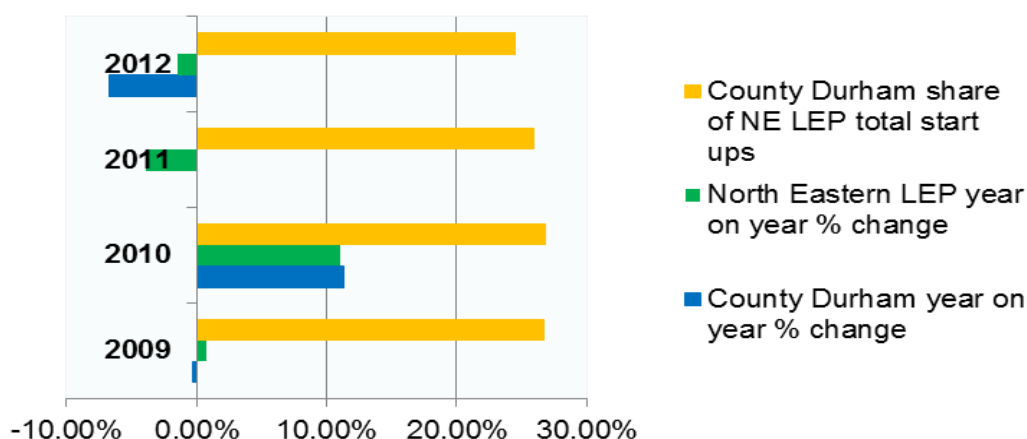
- Jobs lost within the public sector have not been replaced with 'like for like' jobs in the private sector, there has also been a corresponding trend of declining full-time permanent employment and growing part-time temporary employment which naturally results in lower wage levels and decreased economic output. This reinforces the Group's findings that household incomes are declining within the County, largely as a result of structural shifts within the labour market. The graph below shows the changing labour market with an increase in part-time employees after the onset of recession (2008).



Annual population survey 2004 to 2013

- Despite an overall trend of decreasing employment in the County post-recession there has been some success in attracting inward investment in the shape of new companies to the County for example Hitachi Rail Europe, Mazars and Compound photonics with County Durham in 2012 accounting for taking over 20% of the NELEP total start-ups. The graph below shows the County Durham share of the NELEP total start-ups.

County Durham Business Start-ups as a Percentage of NELEP Start-ups



- 34 In relation to worklessness, post 2008 the gap has been widening between the local and national economy. Since the recession started unemployment has increased considerably. In some areas of County Durham almost a third of the working age population are workless. The East of the County has long term structural issues with regards to employability and is traditionally the areas with the highest levels of long term unemployment, IB claimants and JSA claimants in the County. More recently there has been a significant growth of worklessness in the South of the County. There is also growing worklessness in the Central band of Durham – which can largely be attributed to the significant reduction in public sector funding and the loss of public sector workers which largely form the principal part of Durham City’s economy.
- 35 East Durham has the fewest absolute number of people employed within County Durham so any growth in the employment rate here (530 P/T increase and 412 F/T increase) must be put in the context of coming from a ‘low base’ of people in work the East of the County still possesses some of the most deprived wards in the County.
- 36 Some areas within the South and North of the County are also performing comparatively poorly to Regional and County averages. Areas of particularly low employment include: Seaham, Peterlee, Shotton and Haswell, Woodhouse Close and the Coundons, Dene Bank in Ferryhill and the South Stanley area. There are also low levels of employment in the central areas of Durham City however this may be attributed to the large resident student population.
- 37 The Reference Group was then provided with information detailing those groups which had been significantly affected by Government funding and policy changes. It was highlighted that nationally those most affected were: families; women; young people; carers and those with disabilities, unemployed, underemployed and the economically inactive. In relation to County Durham the groups being disproportionately affected were those reliant on benefits, with Welfare Reform measures equating to a loss of £188 million from the local economy per year (equivalent to £560 per working age

adult, significantly more than the UK average of £470 per working age adult); those with low income as a result of changes in tax credits and rising prices; the young with youth employment very much higher than pre-recession rates and long term youth employment doubling since 2007.

38 The Reference Group was then informed that local evidence from the Welfare Reform Group indicated that:

- Discretionary Housing Payments (DHP) are having to fill the gap in income – 1,456 DHP awards have been made totalling £640,381 of the budget of £883,089. Latest projections indicate that the budget will be spent and that demand will exceed the level of budget available.
- Anecdotally reductions in benefit have resulted in an increased use of food banks and increased personal debt.

Employability Interventions

Key Findings

- 39 **The policy environment in relation to employability has changed significantly. Previously policy had consisted of mandatory schemes without sanctions supported by locally tailored schemes which offered a suite of initiatives at each stage of the clients journey. The current policy environment consists of mandatory schemes with sanctions, predominantly national schemes which are employer focused with little flexibility and limited funding available to address specific local need.**
- 40 **JCP provides a range of schemes focused on getting people back into employment together with schemes designed to help those clients interested in self-employment as part of the ‘Get Britain Working’ measures (further details on the schemes are detailed in appendix 2).**
- 41 **JCP does have a system for matching employers needs with clients skills (Universal Jobmatch), however members within the Reference Group had experienced instances where clients sent by JCP for work experience/work placement within small and micro businesses were not ‘job ready’, had been absent from the job market for a long period of time and did not meet the needs of the employer. In addition, Members queried whether there was adequate support for those businesses providing placements to clients who had multiple barriers to employment.**
- 42 **The County Council and partners do support a number of successful projects and initiatives within the County focusing on helping people back into employment such as the work of the AAPs (various projects focusing on helping people back into employment through mentoring and developing skills to make people job ready or via projects such as the County Durham Apprenticeship Programme) though the scale is both modest in relation to the number of people out of work and the finance that was previously available by the way of ABGs and the resources available to the RDA.**

Discussion

- 43 Information was provided to the Reference Group on national employability schemes that had existed previously compared to the schemes which are currently in place. Since the 1980s the accepted policy response from Central Government had been various programmes of 'welfare - to- work'. In the 1980s and 1990s Governments had introduced major changes in the levels and conditions for receipt of unemployment benefits, including the introduction of Incapacity Benefits. More recently there has been a shift in Government policy away from mandatory schemes without sanctions to mandatory schemes with serve sanctions. The Coalition Government's flagship Work Programme has primarily acted to insure those most able to work are supported into labour as quickly as possible at the expense of those furthest away from the labour market (those individuals with multiple barriers to employment). These individuals have effectively become marginalised, with few schemes or interventions designed to remove barriers to employment for those furthers from the labour market in place, this has acted to significantly increase the number of individuals who are long-term unemployed.
- 44 With regards to local employability schemes, previously schemes had a significant degree of local input thanks to funding such as ABG; ensuring schemes were tailored to meet local needs. The approach adopted throughout much of County Durham was holistic, offering a suite of initiatives at each stage of a client's journey extensively funded through Area Based Grants.
- 45 At present schemes to address employability issues are predominately nationally led and employer focused. This is largely due to the loss of ABG and other sources of Central Government funding as part of the austerity exercise, understandably, this has resulted in a loss of local input and a corresponding loss of flexibility. There are however small pots of funding available to address local needs, local examples include; Coal Fields Regeneration Trust, Skills Funding Agency and Area Action Partnerships. These resources however offer only a fraction of what was available through ABG and the resources afforded by the Regional Development Agency.
- 46 The small localised interventions which the County Council and its partners have been able to adopt have not replicated the loss of previous schemes like for like. Replacements on a small localised scale have largely been County Council funded through the 14 Area Action Partnerships, though the entire budget of which makes up less than 5% of what was afforded to the County through the Working Neighbourhoods fund. Much of the activity of the AAPs has been focused on helping people into employment either through mentoring and developing skills to make people job ready or through involvement in initiatives such as the County Durham Apprenticeship Scheme. Appendix 2 provides some examples of employability interventions provided through the AAPs.

Business support – Interventions and Federation of Small Businesses

Key Findings

- 47 **The evidence presented shows that the current network of support for business is complex, with the ownership of the various schemes spread across a number of Government departments and delivered by a number of providers. There has been a distinct shift from the costly face to face support of the past towards more frugal telephone and web-based support. The current system is notably confusing and complex particularly for small and micro businesses and sole traders who find it difficult and time consuming to navigate.**
- 48 **Concerning small businesses, micro businesses and sole traders which make up the vast majority of County Durham's economy, there is a distinct need to expand the support currently offered to ensure that it is flexible in how it is delivered in terms of timings and availability and provides the range of support required.**

Discussion

- 49 The mix of business and enterprise support is historically complex with a notable 'churn' of initiatives and policies as various Governments come and go. In the 1980s the development of a policy to increase the 'quantity' of new UK businesses came to the fore, and small business came to be recognised for their potential to create jobs as well as being a source of productivity gains. In the 1990s, the emphasis shifted to improving the 'quality' of the small business stock through targeted initiatives such as Business Link. By the 2000s, the approach became more 'balanced' as policymakers sought to use enterprise policy both as an instrument of social policy to improve opportunities for disadvantaged individuals and communities and, at the same time, to improve the productivity of small businesses.
- 50 Since the economic downturn and the introduction of austerity measures there has been a notable scaling back of business support and an equal shift away from supporting disadvantaged communities. The Reference Group was informed that national business support schemes such as 'Business Link' which had offered 'cradle to grave' face to face support now offers online support only to businesses, while a large part of the brief for Regional Development Agencies which were abolished had been to promote business efficiency and competitiveness .
- 51 Prior to 2008 a number of business support schemes existed with extensive resources funded through area based grants offering tailored support, which targeted disadvantaged and deprived communities in order to encourage enterprise, however, with the loss of ABG there was a corresponding loss of support. Current local provision has been reduced in size and scope while the Enterprise Agencies have also been left with diminished capacity. Again, there are small pots of funding available; however, funding has more often than not been awarded via a bidding process based on outputs. This approach marks a shift away from local schemes towards regional support focused on economic growth rather than a tool for addressing social inclusion which had been the approach witnessed throughout the 2000's.

- 52 Evidence from the Development Manager, for the Federation of Small Businesses (FSB represents 4,000 small businesses across the North East), highlighted the complexity of the support currently offered to small businesses. There are 891 national support schemes for small businesses with 114 these schemes available in the North East.
- 53 A major issue faced by small businesses was accessing finance however it was highlighted that the North East Access to Finance guide was a useful document that narrowed searches based upon business type and the funding required. In most circumstances small business owners preferred to speak to a person either via telephone or in person as regards to issues such as funding however a high percentage of the support options available to business have been scaled back to 'web-only'.
- 54 In relation to sources of support, Government support schemes focus on large national companies and those with high growth potential however schemes such as 'Growth Accelerator' which had initially not been intended for small businesses having failed to reach targets have been widened to include small businesses.
- 55 Concerning business within the North East, it was confirmed that of the 135,000 businesses, 134,000 were small and micro businesses with 100,000 of those being sole traders. However, the majority of business support was focused on the 1,000 largest companies. It was confirmed that the 134,000 small businesses equated to around 333,000 employees with a value of £24 billion to the regional economy. In addition, a lot of the jobs within small businesses are given to those moving from benefit into work.
- 56 It was highlighted that the complexity and vast nature of business support schemes causes confusion as regards to how the different Government schemes are accessed via Jobcentre Plus, Department of Works and Pensions (DWP) or other organisations/agencies. In addition, the number of schemes can lead to duplication of offer.
- 57 In relation to moving forward it was highlighted that FSB members wanted the Government to: create a 'Business Bank' which would provide an opportunity to simplify business support and focus on delivery (bringing finance and business support together).
- 58 The following points/issues were raised by members during the discussion in relation to business support:
- In certain business communities such as farming support would be accessed via the National Farming Union (NFU) or the FSB rather than the Local Authority or Local Elected Members.
 - Existing businesses tend to look to fellow businesses for support and advice.
 - Given the large number of sole traders there is a need to expand support to this group providing access to advice/support in relation to apprenticeship opportunities, expanding to employ additional staff and practical administrative support.

- Issues were raised in relation to the 'work readiness' of individuals referred by Jobcentre Plus (JCP) to small businesses for work placements/trials. It is essential that job seekers are work ready and 'best fit' the needs of the small business.
- The complexity of the current business support system and the number of providers would result in duplication of provision/offer.

Business Durham

Key Findings

- 59 **The evidence provided shows the support offered by Business Durham to both large and small businesses within County Durham. In addition, Business Durham has seen some success in supporting the attraction of inward investment despite the economic climate.**
- 60 **Business Durham also promotes enterprise within the County working with schools, colleges and Durham University on initiatives such as the 'Future Business Magnates' competition.**
- 61 **A key role for Business Durham is business growth which includes helping business within County Durham to access contract opportunities via Durham County Council's current procurement process, in 2012/13, 55% of the Council's spend was within County Durham suppliers and 77% of this amount was paid to SMEs in the County.**

Discussion

- 62 Members also considered the business support service commissioned by the Council through Business Durham which includes various 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 December 2013 for 2013/14. One of the ways in which Business Durham promotes enterprise 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. Examples of other enterprise promotion initiatives included: the Peter Jones Enterprise Academy, Durham University's 'Blueprint' enterprise competition and enterprise workshops in schools.
- 63 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 the issues they are facing. In addition Business Durham proactively engages with businesses to understand their issues and identify business growth opportunities and has business engagement groups for major industrial estates in the County at Aycliffe, Peterlee and Consett.
- 64 To support business development Durham County Council has launched a Social Value Taskforce, chaired by Councillor Neil Foster, to help small businesses and social enterprises win more contract opportunities. The

County Council has already made 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 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. It is anticipated that the Social Value report will be completed by March/April 2014.

- 65 Inward investment is a vital tool in any attempt to grow County Durham's economy and therefore is seen as a key priority for Business Durham, total enquiries for the year 2012/13 totalled 63. A central role for Business Durham is managing and developing the County Council's business property portfolio, consisting of 440 individual lettable units totalling 52, 765 m², made up of modern office and managed workspace facilities, factories and NETPark. A number of improvements have been made to increase occupancy and revenue across the portfolio including improved marketing and increased use of social media.

Interventions – Bishop Auckland College – Visit

Key Findings

- 66 **Bishop Auckland College has been pro-active in work undertaken to engage with local employers to identify their training requirements and deliver suitable training courses to ensure that young people in local communities within County Durham have the desired skills and are best placed for future employment.**

Discussion

- 67 On the 13th January, 2014 the Members' Reference Group carried out a visit to Bishop Auckland College (BAC) to see 'first hand' the type of support that they provide to the local business community. The visit consisted of a tour of the facility followed by a presentation from the Principal/Chief Executive and key managers.
- 68 During the tour of the college facility Members visited the Motor Vehicle, Joinery, Bricklaying, Graphics/Printing and Catering/Hospitality facilities and commented on the high quality of the facilities and equipment for use by the students. It was highlighted that entrepreneurship is encouraged by the college and also there are initiatives such as 'Ambition', a fully licensed restaurant offering students the full front of house experience, providing real world experience and an opportunity for employers to see student's skills.
- 69 The Reference Group was informed that a restructuring had taken place within Bishop Auckland College to train young people in the skills required by local employers via responsive training, ensuring that the training provided met the needs of local employers.
- 70 In relation to opportunities the college commented that there are signs showing a manufacturing upturn for example the arrival of Hitachi at Newton

Aycliffe and opportunities within the supply chain; European Funding coming into County Durham; the NELEP priorities of investing in education, skills and lifelong learning; technical development and innovation (NETPark); and some positive policy changes in relation to apprenticeships. All the above opportunities are having an impact on the delivery plans and aspirations of the college and in ensuring the development of appropriate support and learning for students and employers.

- 71 It was noted by the Reference group that the UK Commission for Employment and Skills (UKCES) had noted a mismatch between skill and jobs in the UK (supply and demand). It was felt by the College that there is a need to move from simply selling training to employers, to helping to drive demand in sectors through business support and thereby creating a 'pull through' to schools and colleges to stimulate interest and demand for jobs linked to job opportunities. The college highlighted the need for EU resources to be used to stimulate and support business growth and expressed a desire to be involved in developing and supporting this type of business support.
- 72 In relation to engagement with employers it was confirmed by the College that they have a team of staff who focus on engaging with local employers to identify their training requirements to ensure they are met by courses delivered by the College. The College commented on the links which it has to the Enterprise Agencies and Durham County Council in working with employers.

Regeneration and Economic Development Service Grouping Response

- 73 The Regeneration and Economic Development (RED) Service Grouping have welcomed the opportunity to undertake this piece of work with the Reference Group to consider the implications of changes to government policy and funding on the economy of County Durham. The scope of the work and discussions with Members has highlighted the key issues, challenges and opportunities facing the county. It is imperative that collectively with partners we continue to support the growth of the county's economy to stimulate growth, strive to reduce the deprivation gap within communities and where possible continue to mitigate the impacts of policy and funding changes.
- 74 As highlighted within the report analysis financial pressures facing the wider public sector and councils like Durham has had impact upon the services provided. Funding and policy changes, along with the drive to reduce deficits has affected the way we do business whether that is through efficiencies, changing services or different commissioning channels. A recent research report published in March 2014 by the Association of North East Councils and the Institute for Local Governance '[Challenging Times: prospects for Local Government in the North East of England](#)' highlights that some areas have been much more affected by the Government funding and policy changes. The research echoes that referenced by IPPR with members, '*that councils in the less prosperous parts of the county, including the North East, have been hardest hit by the government's cuts.*' Confirming that these areas are often more reliant on government grants, are less able to generate additional revenue from Council Tax and Business Rates and are also less able to

benefit from new grant regimes that are growth focused rather than needs based.

- 75 This changed nature in funding has affected the types of services we have supported over recent years and an issue that has been highlighted with members. This ANEC and ILG Report details that disparities in council funding and resources is likely to continue and intensify. It continues to note issues not covered within this analysis with members, stating that while there is increasing demand for local public sector services within the north east, these are being cut and are set against increasing demographic pressures, new legislation and consequences of welfare reforms and austerity measures. As a council we are mindful of these challenges and need to remain aware of how these pressures sit alongside local authority job losses and welfare changes. With reduced household disposable incomes and spending power this could continue undermine the economic recovery within our local economy.
- 76 As a Service Grouping, RED will continue to assess the implications of policy and funding changes in our approach to service design and delivery. Working with partners through the County Durham Economic Partnership and specifically the newly established Data Management Group we will continue to consider and understand the changing economic environment is having upon the economy of County Durham and the challenges and opportunities this presents. Through this group it is planned to review our current measures of success that provide a barometer of the county's economy and help to measure the performance of council interventions.
- 77 It is important that we can respond positively to these changing and challenging times, adapting service delivery as possible and reconsidering our priorities when tackling budget reductions and targeting our support. The majority of RED's services and activities provide longer term measures and approaches to promoting economic development to improve the local economy including development of strategic sites, business support and employability support. These changes and impacts take time. It is necessary that we continue to provide detailed statistics, research and analysis for strategy, plan and activity development through our Spatial Policy Team to ensure our interventions are fit for purpose and have the desired impacts. This service support will continue to provide context and knowledge for our Service Grouping, alongside the production of regular economic updates.
- 78 As a Service Grouping we will continue to consider the right balance of support and interventions that address need and support opportunities within the county. This involves working closely with partners to develop appropriate interventions and making the most of the available funding opportunities that are presented - whether this is through the next EU funding period 2014-20 or supporting partners with Regional Growth Fund applications.
- 79 As recognised within the report the regional approach to supporting regeneration and economic development has changed significantly over recent years. RED will continue to support and work closely with partners within the North East Local Enterprise Partnership and through the North East Leadership Board to maximise opportunities for County Durham. This in

recent months has included extensive partnership working to inform the development of the NELEP EU Structural and Investment Fund Strategy and the North East Strategic Economic Plan (SEP). The SEP, once agreed, will outline the agenda for growth for the north east. Some of County Durham's key assets will be recognised such as:

- cultural and academic urban core within Durham City
- second largest industrial area within the north east local enterprise partnership area at Aycliffe Business Park
- key growth areas alongside the A1(M) and A19
- innovation hub at NETPark
- inward investments such as Hitachi Rail Europe at Merchant Park

80 Our partnership approach to enhancing this agenda for growth by supporting economic growth and job creation within the county is crucial to making a difference and supporting our ambition of *creating sustainable places where people want to live, work, invest and visit whilst enabling residents and businesses to achieve their potential*. Considering and understanding the changes to policy and funding, alongside the challenging economic times is intrinsic to this approach. The opportunities available to and within the county need to be capitalised to address market failure and support investment in the right places whether this is through the creation of business sites and premises or employability programmes to support people into employment. Balancing need and opportunity is complex. Through the development of a County Durham Investment Plan with the CDEP has indicated the priorities for investment in line with EU funding priorities and those identified by the partnership. The next few years present challenging times for the partnership and the RED Service Grouping to maintain the balance of service delivery in areas of the county witnessing decline and opportunities to stimulate further economic growth and tackle the ongoing pressures associated with deprivation.

Conclusions and Recommendations

81 The Members' Reference Group was established to assess the impact of changes in Government funding and policy on the economy of County Durham and in doing so adopted the approach of examining the scale of the changes, what policy themes have experienced changes, which areas within the County have been affected by these changes and which group/groups have been affected by these changes. It was also determined that the Reference Group would consider opportunities available to assist in mitigating the negative impact of changes in Government funding and policy.

82 After reviewing the evidence and key findings the Members' Reference Group recommendations in respect of the impact of changes in Government funding and policy on the economy of County Durham for consideration by the Economy and Enterprise Overview and Scrutiny committee and the relevant Cabinet Portfolio Holders are:-

Recommendation 1

That Durham County Council and partners continue to monitor the impact of changing policy and funding reductions on the economy of County Durham, identify concerns and opportunities and take these into account as part of the priority development processes.

Recommendation 2

That the Economy and Enterprise Overview and Scrutiny Committee receive as part of the six monthly systematic review of the recommendations contained in the Scrutiny Review report information of developments and key economic issues from the County Durham Economic Partnership Data Management Group.

Recommendation 3

That Durham County Council and partners consider the right balance in pursuing interventions that address need and deprivation within the County and opportunity, ensuring that any concerns influence priority actions.

Recommendation 4

That Durham County Council and partners undertake a coordinated approach to maximise opportunities and benefits for County Durham presented through the North East LEP, North East Strategic Economic Plan and the EU funding programme 2014-2020 (Durham €157 million as a Transition Region) for our residents, communities and businesses helping to give them the right tools and support to access employment and economic growth opportunities.

Recommendation 5

That the Economy and Enterprise Overview and Scrutiny Committee as part of the Committee's work programme for 2014/15 continue to receive update reports in relation to the progress of the EU Funding programme 2014-2020.

Recommendation 6

That a review of this report and progress against recommendations will be undertaken six months after the report is considered by the Economy and Enterprise Overview and Scrutiny Committee at the meeting on the 7th April, 2014.

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Appendix 1: Implications

Finance – The report identifies the importance of Durham County Council utilising all opportunities in relation to new initiatives for funding for example the European Funding Programme 2014-2020 to ensure that the County maximises the funding opportunities currently available for the benefit of County Durham.

Staffing – None.

Risk – The RED Service Grouping will identify within the appropriate Service Plan key risks as a result of changes in Government funding and policy on the economy of County Durham.

Equality and Diversity / Public Sector Equality Duty - In accordance with its agreed Equality and Diversity strategy, the Council will undertake an Equality Impact assessment of the implications of any changes in Government funding or policy (including cuts in funding) which will impact upon the economy of County Durham.

Accommodation – None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – The report makes reference to the work already undertaken by DCC in relation to helping businesses in the County access contract opportunities. It also refers to the establishment of the Social Value Task Group currently looking at how the requirements of the Social Value Act can be implemented to help small businesses and social enterprises win more contract opportunities.

Disability Issues – The report identifies groups which have been most affected by the changes in Government funding and policy, on a national level those with disabilities had been identified and in relation to County Durham those reliant on benefit which would include those with disabilities. The RED Service Grouping will continue to monitor data in relation to those groups most affected.

Legal Implications - None

Appendix 2: Employability Interventions

'Get Britain Working' Jobcentre Plus Initiatives

- Work Clubs – these provide people with a place to meet to share experiences, find opportunities, make contacts and get support to help them in their return to work. JCP provides practical advice on establishing or supporting a Work Club.
- Working Together – JCP will give individuals information about volunteering.
- Work Experience – offers a greater insight into the world of work. JCP will offer young unemployed people the opportunity of 2-8 weeks work experience by matching eligible claimants to placements.
- New Enterprise Allowance – provides help for unemployed people who want to start their own business. Business mentors from the local community provide guidance and support as customers develop their business idea and through the early stages of trading.
- Enterprise Clubs – encourage people who are interested in self-employment to share skills and experience.
- Sector Based Work Academies – combine sector specific training with a work experience placement and a guaranteed job interview with an employer in that sector. They are targeted at customers close to the labour market to help them find work and are established in sectors with high volumes of entry level jobs and current vacancies. Placements last for a maximum of six weeks.
- Wage Incentive – this is available if a business takes on a young person for 16 hours or more each week in a job lasting more than 26 weeks. Wage incentives are available to private, voluntary and community sectors and social enterprise employers.
- Universal Jobmatch – was launched on 19th November, 2012, using the technology from www.monster.co.uk, a job search website, enabling people to upload their CV to be searched against by employers providing a 24 hour-a-day job search activity with job alerts provided to customers when suitable vacancies become available.
- Work Trials – enable customers to try out positions providing an opportunity for employers and customers to see if they are a 'good fit'. The trial is normally for 1 or 2 weeks.

Area Action Partnership Employability Interventions

Below are some examples of the work being undertaken across the County by different AAPs:

- 4Together AAP – 'Reach Project' - as a direct response to welfare reform and to address the current economic hardship faced by local people, the

AAP has developed this project in 2012/13. The project has a suite of measures aimed at raising people's confidence and skills to better engage in their community and job market. The Reach Project offers one to one mentoring support, helping people with various issues including: homelessness, Employment Support Allowance appeals, online Job seekers claims, housing and council tax benefits and personal independent payments. A job club is provided twice per week to help people access IT facilities.

- BASH AAP – has funded two Business Advisors in the area with the focus on self – employment. The project is in partnership with South Durham Enterprise Agency, Durham County Council and 2D. Their aim is to provide flexible support and targeted business advice to businesses and business start-ups in the Bishop Auckland and Shildon area, this included business planning, financial forecasting and marketing. The scheme offers clients intensive one to one support with targeted training available. The support is also available to existing businesses as well as potential new business start-ups. The project has proved to be successful and recently reported the 100th Business start-up.
- GAMP AAP – Employability Skills Fund – this project has been running since 2011 and has achieved a number of successful outcomes. It responds to the increasing need for support for people trying to find employment. The two funds that support the project are an 'Employability Skills Fund' aimed at responding to specific training needs and a 'Discretionary Fund' aimed at removing barriers that prevent clients from accessing training.
- East Durham Rural Corridor AAP – has focused on apprenticeships, with the apprenticeship initiative creating a further 15 apprenticeship opportunities this year. The AAP has worked in partnership with Jobcentre Plus and colleagues in Regeneration and Economic Development and the National Apprenticeship Service to increase the number of apprenticeships in the area.
- Three Towns AAP – is funding an Employability Mentor whose remit is to help remove barriers to employment. The project has been running for 8 months with 132 unemployed residents receiving support from the project with 74 people having a successful outcome with 42 gaining employment, 30 into self-employment and 2 apprentices.

**Economy and Enterprise
Overview and Scrutiny Committee**



7 April 2014

**Council Plan 2014-2017 – Refresh of the
Work Programme for the Economy and
Enterprise Overview and Scrutiny
Committee**

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

1. The purpose of the report is to provide Members with information contained within the Council Plan 2014 – 2017 that is relevant to the work of the Economy and Enterprise Overview and Scrutiny Committee. This allows the opportunity for Members to refresh the Committee's Work Programme to reflect the five objectives and subsequent outcomes identified within the Council Plan for the Council's "Altogether Wealthier" priority theme.

Background

2. The current work programmes of the Council's Overview and Scrutiny Committees focus on the priority areas identified within the context of the Council Plan, Cabinet's Notice of Key Decisions, Sustainable Community Strategy, Partnership plans and strategies, performance and budgetary control data and changes in Government legislation.
3. In relation to the Economy and Enterprise Overview and Scrutiny Committee, Members will recall that the Work Programme was refreshed at the Committee meeting held on the 24 June 2013, ensuring that areas of focus were in line with current and forthcoming priorities within the Committee's remit. Further areas of focus for the Committee have been added throughout 2013/14 to reflect changing Government policy and at the request of Members.

Council Plan 2014-2017

4. The Council Plan is the overarching high level plan for the County Council, which covers a four year period in line with the Medium Term Financial Plan and is updated on an annual basis. The plan sets out how the Council will consider the corporate priorities for change and the key actions the Authority will take in delivering the long term goals in the Sustainable Community Strategy (2010 – 2030) and the Council's own change agenda. Attached as Appendix 2 is the "Altogether Wealthier" section of the Council Plan for Members to consider.

5. Within the Council's "Altogether Wealthier" priority theme, the focus is on creating a vibrant economy and putting regeneration and economic development at the heart of all our plans. In comparison with the region and nationally, County Durham's economy is underperforming.

6. To help address these issues the Council has identified 5 objectives which are set out in the Regeneration Statement together with outcomes to achieve the overarching objectives. They are set out below. Some of the outcomes are new or have been amended to those included in the 2013 – 2017 Council Plan.
 - **Thriving Durham City**
 - W1 - Improved retail, business and tourism in Durham City and its immediate locality.
 - W2 – Increased developer interest in key sites.
 - W3 – Improved infrastructure to support economic growth.

 - **Vibrant and successful towns**
 - W4 – Improved retail, business, and tourism in major town centres.
 - W5 – Increased developer and operator interest in key sites.
 - W6 – Improved infrastructure to support economic growth.

 - **Sustainable neighbourhoods and rural communities**
 - W7 – Improved quality and choice of housing across County Durham.
 - W8 – Improved infrastructure to support economic growth in rural areas.

 - **Competitive and successful people**
 - W9 – Increased numbers of people in employment and training with a focus on young people.
 - W10 – Improved access to and promotion of employment opportunities.
 - W11 – A co-ordinated approach to pre-and post-employment support.

 - **A top location for business**
 - W12 – Increased business creation.
 - W13 – Development of existing businesses and safeguarding employment.
 - W14 – A business friendly council.

7. Over the next four years, the Council will strive to deliver a step change in the economy of County Durham by focusing on the actions required to achieve the above objectives.

8. The Council Plan contains a series of High Level Action Plans detailing the work which needs to be undertaken by the Authority in order to deliver the outcomes identified above, see Appendix 2 (copy attached).

Current Work Programme

9. During 2013 – 2014 the Economy and Enterprise Overview and Scrutiny Committee has undertaken budgetary and performance monitoring, in depth Scrutiny Reviews, systematic six monthly reviews of progress against recommendations and overview presentations in relation to the following areas:

*** Denotes inline with Council Plan 2014-2017.**

In depth Scrutiny Reviews

- * ● Impact of public sector funding changes on the economy of County Durham (Covers all objectives and actions) – Member’s Reference Group - Ongoing.

Systematic Review

- * ● Empty Homes – Review of recommendations – Sustainable neighbourhoods and rural communities – W7 – Improved quality and choice of housing across County Durham.
- * ● Increasing young people’s employment opportunities (18-24) in County Durham - Review of recommendations – Competitive and successful people – W9 – Increased numbers of people in employment and training with a focus on young people.

Areas of Overview Activity

- * ● Regeneration Statement - (Covers all objectives and actions).
- * ● Master Plans for County Durham - Vibrant and successful towns - Action –W4 – Improved retail, business and tourism in major towns.
- * ● County Durham Infrastructure Delivery Plan – A top location for business – W12 - Increased business creation – W13 –Development of existing businesses and safeguarding employment -Vibrant and successful towns – W3– Improved infrastructure to support economic growth.
- * ● Community Infrastructure Levy (CIL) - A top location for business – W12 - Increased business creation – W13 –Development of existing businesses and safeguarding employment -Vibrant and successful towns – W3– Improved infrastructure to support economic growth.
- * ● The County Durham Plan - (Covers all objectives and actions).
- * ● Overview of the work of the County Durham Economic Partnership – (Covers all objectives and actions).

- * ● Homelessness Strategy – Sustainable neighbourhoods and rural communities – W7 - Improved quality and choice of housing across County Durham.
- * ● Durham Key Options - Choice Base Lettings Policy - Sustainable neighbourhoods and rural communities – W7 – Improved quality and choice of housing across County Durham.
- * ● Stock Options Transfer – Sustainable neighbourhoods and rural communities – W7 – Improved quality and choice of housing across County Durham.
- * ● Performance monitoring of Durham City Homes and the 2 ALMO's – Sustainable neighbourhoods and rural communities – W7 – Improved quality and choice of housing across County Durham.
- * ● Adult Learning Strategy – Competitive and successful people – W9 – Increased numbers of people in employment and training with a focus on young people.
- * ● Tourism - Thriving Durham City – W1 - Improved retail, business, and tourism in Durham City and its immediate locality – Vibrant and successful towns - W4 – Improved retail, business, and tourism in major town centres.
- * ● Business Support – Business Durham – A top location for business –W1 increased business creation – W13 - Development of existing businesses and safeguarding employment..
- * ● LEP Independent Economic Review (Covers all objectives and actions).
- * ● European Funding Programme 2014-2020 (Covers all objectives and actions).
- * ● Combined Authority (Covers all objectives and actions).
- * ● Youth employment Initiative – Competitive and successful people – W9 – Increased numbers of people in employment and training with a focus on young people – W10 – Improved access and promotion of employment opportunities – W11 – A co-ordinated approach to pre-and post – employment support.
- * ● Digital Durham – A top location for business – W12 – Increased business creation –W13 - Development of existing businesses and safe guarding employment – W14 – A business friendly council.

- * • Affordable Homes Policy – Sustainable neighbourhoods and rural communities – W7 – Improved quality and choice of housing across County Durham.
- * • Skills Development – Competitive and successful people – W9 – Increased numbers of people in employment and training with a focus on young people – W10 – Improved access to and promotion of employment opportunities – W11 – A co-ordinated approach to pre- and post - employment support.

Budgetary and performance monitoring

- * • Quarterly budgetary and performance monitoring for RED Service Group.

10. The Economy and Enterprise Overview and Scrutiny has also considered the following cross cutting items:

- * • County Durham Plan – (Covers all objectives and actions).

Areas for consideration in the Economy and Enterprise Overview and Scrutiny work programme

11. In addition, the Altogether Wealthier section of the Council Plan for 2014 – 2017 identifies the following new high level actions which have not already been considered by committee that could be included in the 2014 – 2015 work programme:

Council Plan

Sustainable neighbourhoods and rural communities

- Deliver the first Durham County Council market housing scheme for rent and sale - overview of scheme.
- Refresh of the Housing Strategy – overview of strategy and the process to be used for the refresh.
- Work with partners to develop Houses in Multiple Occupation Strategy to improve the standards and quality of HMO accommodation within the private rented sector – Overview of the strategy to be provided.

Competitive and successful people

- Deliver a programme to support the progression of young people classed as 'Not in Education, Employment or Training (NEET) – An overview of the programme.
- Financial Inclusion Strategy – An overview of the strategy.

Areas which cut across all objectives within the Council Plan (Altogether Wealthier)

- RED Capital Programme – (Covers all objectives of ‘Altogether Wealthier’) – Overview of the programme and the process.
- RED Investment Plan - (Covers all objectives of ‘Altogether Wealthier’) – Overview of the plan and the process.

Cross Cutting Themes

12. Below are areas which have cross cutting issues from other ‘Altogether’ themes that link into Altogether Wealthier.

Altogether	Objective	Outcome	Link to Altogether Wealthier
Children and Young People	Children and Young people realise and maximise their potential.	C2 Children and young people are supported to achieve and attain during school years to prepare them for adulthood. C3 Young people are supported to progress and achieve in education, employment and training to achieve their potential.	W9 Increased numbers of people in employment and training with a focus on young people. W10 Improved access to and promotion of employment opportunities
Greener	Reduce carbon emissions and adapt to the impact of climate change.	G7 The Council homes and businesses are more energy efficient.	W7 Improved quality and choice of housing across County Durham.
Better Council	Working with our communities.	ABC 6 The effects of the Welfare Reform agenda are managed.	W11 A co-ordinated approach to pro- and post - employment support.

Next Steps

13. The Economy and Enterprise Overview and Scrutiny Committee is asked to consider the appropriate section from the Council Plan, Appendix 2 (copy attached) to inform the Committee's Work Programme for 2014 – 2015, reflecting on the current work programme detailed in paragraphs 9 and 10 and the new high level actions identified in paragraph 11 above.
14. Members will receive a further report at the next Economy and Enterprise Overview and Scrutiny Committee confirming/agreeing the Committee's Work Programme for 2014 – 2015 based on today's discussion.

Recommendations

15. That the Economy and Enterprise Overview and Scrutiny Committee note the information contained in Appendix 2 (copy attached).
16. That the Economy and Enterprise Overview and Scrutiny Committee refresh the Work Programme for 2014 – 2015 by discussing and considering those actions identified, under "Altogether Wealthier" priority theme of the Council Plan 2014 – 2017, Appendix 2 (copy attached) and reflected in paragraphs 9, 10 and 11 of the report.
17. That the Economy and Enterprise Overview and Scrutiny Committee at its meeting on the 23 June 2014, receives a further report detailing the Committee's Work Programme for 2014 – 2015.

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Appendix 1: Implications *(The following implications are taken directly from the report to Cabinet on 19 March 2014: The Council Plan and Service Plans 2014 – 2017).*

Finance

The Council Plan sets out the corporate priorities of the Council for the next 3 years. The Medium Term Financial Plan aligns revenue and capital investment to priorities within the Council Plan.

Staffing

The Council's strategies are being aligned to achievement of the corporate priorities contained within the Council Plan.

Risk

Consideration of risk is a key element in the corporate and service planning framework with both the Council Plan and Service Plans containing sections on risk management.

Equality and diversity/Public Sector Equality Duty

Individual equality impact assessments have been prepared for each savings proposal within the Medium-Term Financial Plan which also underpins the Council Plan. In addition a full impact assessment has previously been undertaken for the Council Plan. The actions in the Council Plan include specific issues relating to equality and aim to improve the equality of life for those with protected characteristics.

Accommodation

The Council's Corporate Asset Management Plan is aligned to the corporate priorities contained within the Council Plan.

Crime and disorder

The Altogether Safer section of the Council Plan sets out the Council's contributions to tackling crime and disorder.

Human rights

The priorities and actions in the Council Plan are in line with relevant articles of the Human Rights Act, for example, many of the actions support the right to family life.

Consultation

Council and partnership priorities have been developed following an analysis of available consultation data including consultation carried out as part of the development of the interim Sustainable Community Strategy and this has been reaffirmed by subsequent consultation on the budget. Results have been taken into account in developing our resourcing decisions.

Procurement

None.

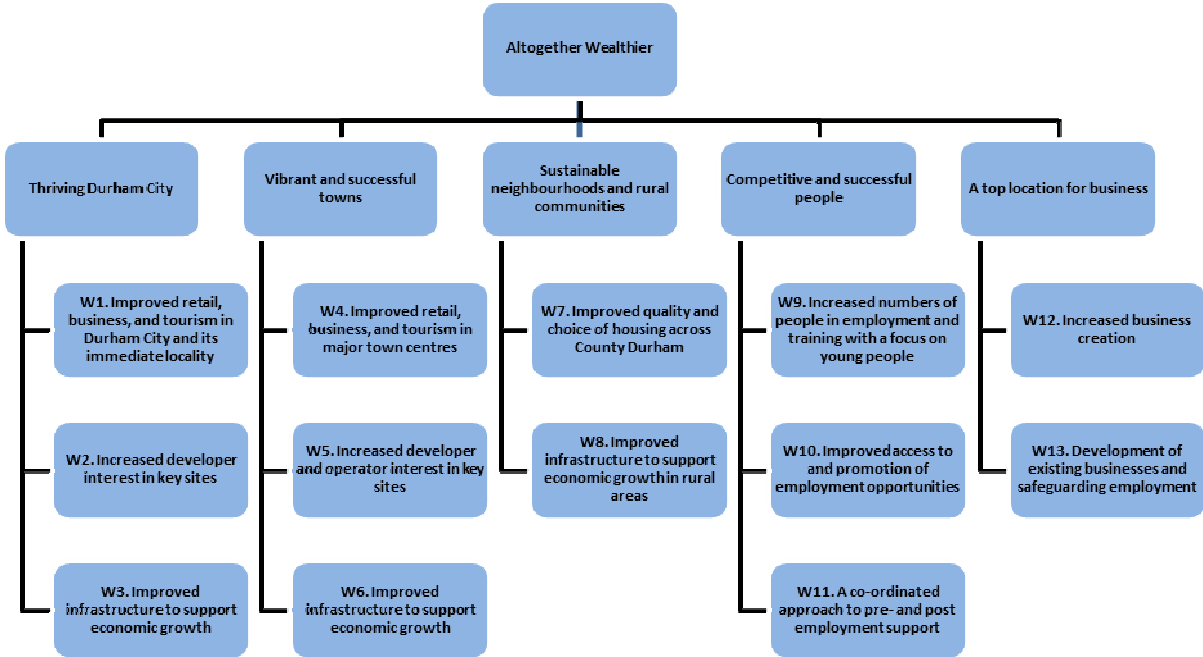
Disability Issues

See equality and diversity implications above.

Legal Implications

None.

Altogether Wealthier



Our ambition underpinning the vision of an Altogether Wealthier Durham is to shape a county where people want to live, work, invest and visit and enable our residents and businesses to achieve their potential. This ambition requires commitment to the transformation of the county, shared across public and private stakeholders and supported by residents. Placing Durham City as our key driver for growth, success will require us to capitalise on untapped potential in order to narrow the productivity and employment gap between the county, the region and the UK.

The County Durham Regeneration Statement looks over the next ten years to a challenging integrated programme of activity which takes advantage of our key assets and tackles constraints to growth. Our partnership Regeneration Statement has five key ambitions and objectives to drive forward activity; Thriving Durham City; Vibrant and Successful Towns; Competitive and Successful People; Sustainable Neighbourhoods and Rural Communities; and a Top Location for Business. We will strive to deliver a step change in the local economy by lifting the constraints on development and stimulating investment in infrastructure at a time of limited resources and significant national policy shifts.

The key driver to stimulate an economic renaissance within the county is the employment rate; for improving this will increase levels of disposable income, increase the number of businesses, and should, as a result, begin to reduce the chronic levels of relative deprivation. As a county we need to aim to achieve an extra 30,000 in employment over the next 20 years, through business growth, inward investment and business creation. It is also important that we continue to invest in our human capital through skills development and by supporting our residents to access and maintain employment opportunities. We must continue to address the needs of our most vulnerable residents and mitigate the impact of welfare reform, in order to improve people’s quality of life and improve economic prosperity.

1. Thriving Durham City

At the heart of the North East, Durham City is a hub of economic and cultural activity that stands out as a key economic driver for the county and region. The city has enormous potential and will help to deliver a significant share of a step change in the growth of the region and the largest contribution from the county as a whole. The city needs a critical mass of employment, population and visitors to build on the assets already inherent to become a city of regional, national and international significance. We aim to exploit Durham City's potential and what the city has to offer. By maximising the development opportunities of the city we will help to stimulate retail, business and housing growth, which will lead to job creation and increased business confidence. A core business quarter at Aykley Heads, a housing offer that complements economic growth, a visitor offer that encourages visitors to stay longer, together with the associated infrastructure needed to support this growth is therefore central to our approach.

Going well

- The Former Ice Rink site in Durham City has been demolished and construction has started for a mixed use development, including business space and leisure to be known as 'Freemans Reach'.
- There have been 584,243 passenger journeys on the three Durham City Park and Ride sites, which is a 9% increase in usage compared to the same period last year. This could be attributed to the excellent summer weather and events like the Gospels, Streets of Durham and the Brass Festival.
- The bus corridor improvement works at the A167 at Croxdale have been completed.
- A new Police Headquarters at Aykley Heads is due for completion by September 2014.

Cause for concern

- The economic climate continues to make it difficult for the private sector to invest in schemes across the city.
- The level of homes completed in the city remains low.
- Delays to the extension of Sniperley Park and Ride site mean it will not be completed until December 2015.
- Funding for flood mitigation from the government remains challenging but the Council continues to discuss options with partners.

Did you know?

- The 'Lumiere' light festival attracted 175,000 people into the city between the 14th and 17th November 2013.
- 97,208 tickets were sold for the Lindisfarne Gospels exhibition (1 July - 30 September 2013).

- Transport modelling for the Western and Northern Relief Roads has been completed, which will inform public consultation on the County Durham Plan.
- The Pearl Izumi Tour Series Cycle Race 2013 in Durham City attracted 12,000 spectators and TV viewing figures of 297,000.
- Durham International BRASS Festival attracted more than 35,000 visitors.
- Durham Book Festival 2013 reached more than 8,000 people.
- The 180th Durham Regatta in 2013 welcomed more than 600 crews from all over the UK to compete on the River Wear.

Look out for:

- A regeneration framework for Durham City is expected to be completed by April 2014.
- Details of the strategy and business case for Aykley Heads will be produced in 2014.
- Development of a new roundabout on the A167 at Sunderland Bridge.
- Completion of housing regeneration works at Esh Winning.
- Development of a new bus station in Durham City expected by December 2015.

High level Action Plan

Action	Responsibility	Timescale
Agree the development plan of Elvet waterside	Head of Economic Development & Housing	September 2014
Produce a delivery strategy for Aykley Heads	Head of Economic Development & Housing	March 2015
Construction of a new roundabout at Sunderland Bridge	Head of Transport & Contract Services	March 2015
Agree a delivery plan for Milburngate House	Head of Economic Development & Housing	June 2015
Relocate the bus station on North Road	Head of Transport & Contract Services	December 2015
Obtain planning consent for the Western Relief Road in Durham	Head of Transport & Contract Services	December 2015

2. Vibrant and successful towns

Vibrant towns are good for business: they create jobs, attract investment and generate income - they are engines for economic growth. At their best, they create a discernible local buzz and define the wider area, attracting people from near and far. County Durham has a dispersed settlement pattern with a large number of distinct towns, not all of which are meeting the needs of local communities. Through our 'Whole-Town' approach we will increase the vitality and vibrancy of our main settlements. This 'Whole-Town' approach is specific to each settlement and enables tailored solutions and coordinated investment for each place depending on its needs and service potential for its locality. Creating vibrant and successful towns is a complex task, dealing with interrelated issues and driven by wider economic and environmental factors. Each town is different, with its own opportunities to take advantage of and needs and issues to tackle. However, we aim to create places that are attractive, well managed, and well designed with a range of amenities and facilities for that given community.

Going well

- Highways works at DurhamGate are now complete.
- Physical improvements to Barnard Castle Town Centre have been completed including landscaping works at the Castle and Scar Top and Amen Corner.
- A Heart of Teesdale website has also been launched.
- The County Durham Plan has been out for consultation and work is ongoing to prepare the "Publication" Draft Plan which is the version which will be submitted to the Secretary of State.
- Construction of the Horden link road project is now complete.
- Co-location of Durham County Council and Cestria Community Housing in a new customer access point in Chester-le-Street town centre.
- Digital Durham - the official launch of the first 'fibre cabinet' which can supply fast speed broadband to businesses and residents in the heart of the city, supporting regeneration, economic growth and job opportunities.

Cause for concern

- The number of applications for planning permission, seen as an indication of the buoyancy of the economy has been declining since 2011/12.
- Development of additional car parking at Auckland Castle has been delayed to July 2015
- The St. John Square redevelopment in Seaham has been delayed and will now be completed in September 2014.

Did you know?

- The North Dock Marina at Seaham was opened to the public, with a launch event held in July 2013.

- Durham’s Emirates International Cricket Ground at Chester-le-Street hosted its first Ashes Test Match, the fourth in the series from the 9th to the 13th August 2013.
- Restoration of Witham Hall, Barnard Castle has provided a new venue for creative and cultural industries with a 225 seat auditorium for conference, theatre, events and cinema, created 61 jobs and supported 34 businesses.
- A further new business centre at Consett was completed in November 2013.
- Marie Curie Cancer Care Etape Pennines cycle race attracted more than 1,000 cyclists.
- You can see the hygiene ratings for over 3,500 catering and retail businesses operating across County Durham by visiting <http://food.gov.uk>.
- The Council successfully bid for Government funding to get junction 63 on the A1(M) at Chester-le-Street upgraded by March 2015.

Look out for:

- Completion of a new roundabout at Northlands and Perkinsville, Chester-le-Street.
- The Examination in Public of the County Durham Plan.
- Completion of improvements of Heighington Railway Station serving Aycliffe Business Park.
- Improvements to the council’s industrial unit property portfolio, including Tanfield Lea Business Park at Stanley and Stella Gill Industrial Estate at Chester-le-Street.
- Delivery of the South Durham Embracing Local-Motion project in Bishop Auckland, Shildon and Newton Aycliffe. This will provide improvements to travel facilities including rail stations, cycling facilities, bus service enhancements and an expansion of the electric vehicle infrastructure.
- Refurbishment of Spennymoor Cricket Club

High level Action Plan

Action	Responsibility	Timescale
Introduction of a new signal controlled roundabout at Northlands, Chester-le-Street	Head of Transport & Contract Services	August 2014
Complete and share the Tourism visitor market assessment to enable the private and public sector to increase support for the tourism economy	Head of Economic Development & Housing	September 2014

Delivery of the Food and Drink Campaign	Head of Economic Development & Housing	December 2014
Complete road access improvements at Front Street, Stanley	Head of Transport & Contract Services	December 2014
Adoption of the County Durham Plan	Head of Planning & Assets	March 2015
Deliver improvements to Heighington Railway Station to support the Hitachi facility at Merchant Park	Head of Transport & Contract Services	March 2015
Develop and deliver a co-ordinated Events Programme for the county as set out in the Events Strategy	Head of Culture & Sport	March 2015
Deliver new car parking capacity at North Bondgate to support significant increase in tourists visiting Bishop Auckland	Head of Economic Development & Housing	July 2015
Construction of a new railway station at Horden on the Durham Coast Railway Line	Head of Transport & Contract Services	March 2016
Agree the delivery plan for the Seaham Colliery site with the Homes and Communities Agency	Head of Economic Development & Housing	May 2016
Secure a developer for a residential project for the North East Industrial Estate at Peterlee	Head of Economic Development & Housing	December 2016

3. Sustainable neighbourhoods and rural communities

Sustainable neighbourhoods and rural communities are places where people can and want to live and are places that help to enhance the wellbeing and potential of our communities. A sustainable place provides a quality built environment, with good housing and living conditions and access to services, through appropriate infrastructure. However, deprivation and inequalities persist in some communities in County Durham and also across the region as well as nationally. Industrial restructuring and job losses in manufacturing have disproportionately affected some of our communities within the county. The county's dispersed settlement pattern, low car ownership, low job density and rurality can compound deprivation and inequalities. This can have damaging effects upon an individual's life chances in a number of ways. There are both varying needs and a varying quality of place across the County and like the 'Whole Town' approach; each neighbourhood requires a different level or type of support to ensure sustainability.

We will continue to provide tailored and appropriate solutions for our neighbourhoods. Investment in housing and transport is an essential component to regenerating our communities and improving our economic performance.

Going well

- Dale & Valley Homes and Durham City Homes are on course to achieve their target for all homes to meet the Government's decency standard by March 2014.
- East Durham Homes are well ahead of schedule and have extended their target from 25% to 21% of homes being non-decent by March 2014.
- At the end of Q3 2013/14, 674 private sector properties have been improved as a direct consequence of local authority intervention.
- Between April and December 2013, 80 properties were brought back into use as a result of local authority intervention.
- Traveller sites at Tower Road, Stanley and Drum Lane, Birtley are being refurbished.
- The number of affordable homes delivered at the end of Q3 was 314 against a profiled target of 262.

Cause for concern

- Analysis shows there is high demand for one bed roomed properties, and falling demand for three bed roomed properties. Houses let through the council's Durham Key Options scheme have increased but the number of empty properties is also increasing.

Did you know?

- The Government's decision is expected by April 2014 as to whether the council has a place on the transfer programme for the Council owned housing stock.
- Between April and December 2013, 3682 people were re-housed through the Durham Key Options System.
- 23.9 million bus passenger journeys were made on the network in 2012/13. As of September 2013; 11.9 million journeys have been made in 2013/14.

Look out for:

- Completion of housing regeneration works at Easington, Dawdon, Wheatley Hill and Craghead.
- Completion of Gypsy, Roma and Traveller sites at West Rainton and Bishop Auckland.
- The decent homes improvement programme for Durham City Homes worth £3.5m will be completed by April 2015.
- A tenant vote on the future of the council's 18,500 homes in the summer of 2014.

High level Action Plan

Action	Responsibility	Timescale
Work with partners to develop a Houses in Multiple Occupation (HMO) Strategy to improve the standards and quality of HMO accommodation within the private rented sector	Head of Environment, Health & Consumer Protection	July 2014
Obtain agreement with landowners to pursue the development of a Crook to Howden Multi-user Route	Head of Transport and Contract Services	March 2015
Implement a new 'in-house' County-wide Home Improvement Agency	Head of Economic Development & Housing	March 2015
Pursue the preferred option for the future of Council housing across County Durham	Head of Economic Development & Housing	March 2015
Bring the following empty homes back into use through a programme of targeted support:	Head of Economic Development & Housing	
South Durham - 55		March 2015
East Durham - 40		March 2015
North Durham - 25		March 2015
Implement a £3.5m decent home improvement programme for Durham City Homes	Head of Direct Services	April 2015
Redevelop the Gypsy, Roma and Traveller permanent sites at the following locations:	Head of Economic Development & Housing/ Head of Direct Services	June 2015
Adventure Lane, West Rainton		
Tower Road, Stanley		
Drum Lane, Birtley		
Green Lane, Bishop Auckland		

Deliver the first Durham County Council market housing scheme for rent and sale	Head of Economic Development and Housing	June 2016
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Digital Durham: Increase availability of technology across the county by developing the Digital Durham programme for next generation broadband delivery to all areas of the county - in partnership with Broadband Development UK (BDUK). Deployment to commence from quarter 1 2014/15	Head of ICT Services	September 2016
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4. Competitive and successful people

The skills, abilities and attitudes of the current and future County Durham workforce are critical to the future economic success of the county and will underpin a more competitive and productive economy. County Durham has below national average employment and higher skills attainment levels, and above regional and national average economically inactive residents claiming benefits. We need to provide pre and post-employment support and encourage people to develop their skills and recognise transferable attributes for current or future employment in order to increase individual success, improve life chances and to ease the progression into work or within work. At a time of uncertainty, compounded with the onset of significant welfare reform and limited resources, we continue to work with partners, employers and employability support providers to ensure support for County Durham residents and to help them access employment opportunities.

It is important that we work closely with employers and continue to raise aspirations, participation and attainment of our young residents so they can make the most of available opportunities and have the best chance of being competitive and successful.

Going well

- There have been 109 apprentices who have started through the council's apprenticeship programme as at Q3 2013/14.
- 1036 cases of homelessness were prevented through advice and assistance provided by the council.

Cause for concern

- The proportion of people who have been claiming Jobseeker's Allowance for one year or more has continued to increase and is 36.35% (December 13).

Did you know?

- The merger of the three credit unions in County Durham is now complete.
- The Homelessness Strategy 2013-18 has been published.
- A triage process has been introduced to manage the impact of welfare reform and assist tenants and residents across County Durham.

- The council's bespoke apprenticeship scheme has directly helped 357 residents to start an apprenticeship since the scheme began in November 2011 up to December 2013.

Look out for:

- Development of a real time travel information system across the county.
- A decision will be made on the future management of 19,000 council owned houses in late 2014.

High level Action Plan

Action	Responsibility	Timescale
Deliver a programme to support the progression of young people classed as 'Not in Education, Employment or Training (NEET)	Head of Economic Development & Housing	June 2014
Develop and implement a real time travel information system across the county	Head of Transport & Contract Services	September 2014
Prepare and submit a funding bid and develop a programme for the 'Erasmus Project' to enable an international exchange programme for apprentices	Head of Strategy, Programmes & Performance	March 2015
Deliver a County Durham Apprenticeship Programme to support people into work through the provision of wage subsidy to employers	Head of Economic Development & Housing	March 2015

5. A top location for business

County Durham is home to a wide range of businesses from micro rural businesses to large multinationals, from small scale engineering to large scale manufacturing and from business services to internationally leading research companies. The county offers businesses support and development opportunities and these must be sustained to serve the diversity that exists.

County Durham's business base grew during the sustained growth of the last decade up to the start of the recession. However; we did not experience the same gains as other areas during a period of expansion, we were harder hit during the economic downturn and we have been slower in regards to employment growth since the UK economy has emerged from the recession. Public sector contraction and government cuts since 2010 have further compounded the issues. It is important we continue to take a balanced approach to growing and sustaining existing businesses, developing our labour force, establishing new businesses and attracting inward investment.

Investment must embed with our local supply chains and networks to boost our economic potential. To become a top location for business we are supporting innovation, removing constraints to investment and growth, and enabling infrastructure development to improve our business offer.

Going well

- The Hitachi supply chain capability mapping is progressing well
- 76.5% of Council owned factories and business support centre floor-space was occupied.
- The 'Viewpoint' Business Centre at Consett was completed in November 2013.

Cause for concern

- Lack of funding to support new business start-ups is restricting the ability of partners to increase our business space.
- Access to finance is still a problem for small businesses in the county.

Did you know?

- The Future Business Magnates Awards ceremony was held in June 2013.
- There have been nearly 3 million recorded visitors to the main attractions in County Durham and almost 400,000 in Durham City alone for the first two quarters of 2013/14.
- The Bishop Auckland Food Festival held in April 2013 was run over two days for the first time and was attended by around 25,000 people.
- NETPark, the North East's science, engineering and technology park at Sedgefield now has 400 staff working there and supports 1,000 indirect jobs.

Look out for:

- A new Visitor Pocket Guide will be launched in Spring 2014.

High level Action Plan

Action	Responsibility	Timescale
Develop a £12m EU funded programme of activity to deliver access to finance support targeted at County Durham businesses	Head of Economic Development & Housing	December 2014
Develop relationships with businesses to identify and secure business growth and diversification	Head of Economic Development & Housing	March 2015
Deliver enterprise initiatives to stimulate enterprise awareness, actions and networks, including; the Future Business Magnates and the establishment of the Rural Enterprise Hub network	Head of Economic Development & Housing	October 2015

Further develop NETPark and attract more businesses by developing the premises and expanding the product offer to a broader technology community to grow the economic activity of NETPark

Head of Economic
Development & Housing

March 2015